

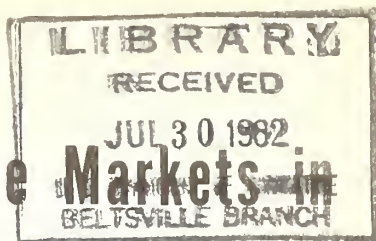
Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

84 Ws.

541

The Organization of Wholesale Fruit and Vegetable



Markets in

- **DENVER**
- **SALT LAKE CITY**
- **EL PASO**
- **ALBUQUERQUE**
- **BUTTE**



Marketing Research Report No. 541

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service • Marketing Economics Division
in cooperation with Agricultural Experiment Stations
of Montana, New Mexico, and Utah

FOREWORD

This is the third in a group of reports dealing with the organization of wholesale fruit and vegetable markets throughout the United States. The first two reports in the group are:

The Organization of the Wholesale Fruit and Vegetable Market in Boston, by Alden C. Manchester, Mktg. Res. Rpt. No. 515, January 1962.

The Organization of the Wholesale Fruit and Vegetable Market in Washington, D. C., by Alden C. Manchester, Mktg. Res. Rpt. No. 524, February 1962.

Other reports, some of which will be published by cooperating agricultural experiment stations, will describe 46 other markets throughout the Nation. A final report will summarize the reports on the individual markets, bring to date the analysis of the organization of wholesale fruit and vegetable markets, analyze changes that have taken place since the beginning of the study, and survey the outlook for the years ahead.

This work is a part of a program of research designed to broaden understanding of the food marketing system and, thereby, to make it more efficient. Earlier reports on this general subject include:

The Changing Role of the Fruit Auctions, by Alden C. Manchester, Mktg. Res. Rpt. No. 331, June 1959.

Chainstore Merchandising and Procurement Practices: The Changing Retail Market for Fresh Fruits and Vegetables, by William E. Folz and Alden C. Manchester, Mktg. Res. Rpt. No. 417, July 1960.

This report covers five markets in west Texas and the Mountain States. The New Mexico Agricultural Experiment Station also has reported on the El Paso and Albuquerque markets in their Research Report 43, "Wholesale Fruit and Vegetable Markets in El Paso and Albuquerque." Data on these markets are included here in order to make them generally available on a comparable basis with data for the other markets, so that intermarket comparisons can be made more readily.

The information on which this report is based was obtained from Denver firms by Robert A. Bohall, Alvin C. Macomber, and Alden C. Manchester, all of Economic Research Service, U. S. Department of Agriculture; from Salt Lake City firms by Ellis Lamborn and Reed D. Taylor of Utah State University; from El Paso firms by Jere Boyer and James Stallings of New Mexico State University and John K. Hanes of Economic Research Service, USDA; from Albuquerque firms by Boyer and Stallings; and from Butte firms by Heinz Speilman and Edward H. Ward of Montana State College.

Many of the terms used in this study are defined in the appendix.

Further research is now underway on the impact of changes taking place in the organization and operation of wholesale fruit and vegetable markets on shipping-point markets, including growers, packers, and shippers.

The Fruit and Vegetable Division of the Agricultural Marketing Service was most helpful in planning and conducting the study.

CONTENTS

Page

Highlights	iv
Introduction	1
Denver	2
Market areas	2
The structure of the market	4
Margins	14
The structure of the retail market	15
Three decades of change in the market	15
Salt Lake City	22
Market areas	22
The structure of the market	22
Margins	33
The structure of the retail market	33
Thirty-five years of change in the market	33
El Paso	37
Market areas	37
The structure of the market	37
Margins	48
The structure of the retail market	48
Two decades of change in the market	49
Albuquerque	51
The structure of the market	51
Margins	58
The structure of the retail market	58
Two decades of change in the market	58
Butte	60
The structure of the market	60
Two decades of change in the market	62
References	64
Appendix: Terms used in this study	64
Types of firms	64
Definitions of terms	65

Washington, D. C.

June 1962

HIGHLIGHTS

Five wholesale produce markets in west Texas and the Mountain States received a total of 44,300 carlots of fresh fruits and vegetables in 1958. The Denver market led, with 19,200 carlots. Salt Lake City was second with 12,800 carlots, El Paso had 6,700, Albuquerque 3,100, and Butte 2,500.

Chainstores received the biggest share of the supply in Denver and Butte, receivers in Salt Lake City, and receiver-jobbers and service wholesalers in El Paso and Albuquerque. Direct purchases of chains accounted for 32 percent of market supplies in Denver, 21 percent in Salt Lake City, 20 percent in El Paso, and none in Albuquerque.

The Denver wholesale produce market in 1958 was composed of 60 wholesalers, 4 chains, and 1 retailer cooperative. On the basis of volume, large wholesalers (those selling 500 carlots or more each) did 79 percent of the business of all wholesalers. In Salt Lake City, there were 38 wholesalers, 6 chains, and 1 retailer cooperative. The large wholesalers did 78 percent of all wholesale business. El Paso had 19 wholesalers and 3 chains, with large wholesalers accounting for 81 percent of the wholesale sales. Of the 10 wholesalers in Albuquerque, the 3 large firms did 82 percent of the business. Butte had 6 wholesalers and 1 chain. Only one wholesale firm handled more than 500 carlots in 1958.

Total receipts of fresh fruits and vegetables in the Denver market rose 115 percent between 1936 and 1958. The increase in Salt Lake City during the same period was 102 percent. Direct receipts of Denver chains rose from 35 percent of total market receipts in 1936 to 50 percent in 1958, while those of Salt Lake City chains remained constant at 27 percent of the total.

The number of receivers and receiver-jobbers in Denver, Salt Lake City, El Paso, and Albuquerque declined 18 percent between 1939 and 1958. The number of jobbers dropped by nearly 50 percent, the number of all wholesale handlers by 15 percent, and the number of brokers by 57 percent.

THE ORGANIZATION OF WHOLESALE FRUIT AND VEGETABLE MARKETS IN DENVER, SALT LAKE CITY, EL PASO, ALBUQUERQUE, AND BUTTE

By Alden C. Manchester, Agricultural Economist
Marketing Economics Division
Economic Research Service

INTRODUCTION

Five wholesale produce markets in Texas and the Mountain States are the major sources of fresh fruits and vegetables for a vast area stretching from the Mexican to the Canadian borders. The operations of wholesale produce firms in these markets -- Denver, Salt Lake City, El Paso, Albuquerque, and Butte -- are probably the most extensive, in terms of geographic coverage by the employees of the firms, of any in the United States. Many firms make regular deliveries 400 and 500 miles away.

This report describes the organization and operation of these markets, including the buying, selling, and operating practices of the wholesalers and chains in the markets, and the changes that have taken place during the past quarter century. The information on which the report is based was obtained as part of a nationwide study of the organization and operations of wholesale produce markets. The purpose of the study was to describe and appraise the current status of wholesale markets and the changes that had taken place in them. The findings should give firms in wholesale and shipping-point markets, farmers, and interested citizens and public agencies a better understanding of the forces at work in the marketing system for fresh fruits and vegetables, and provide a basis for making better decisions in adjusting to the changes taking place throughout the structure of marketing.

The basic data for the nationwide study were obtained in 1959 and 1960 by personal interviews with representatives of over 3,000 wholesale firms in 52 markets throughout the United States. Most of the interviews were conducted by personnel of the U. S. Department of Agriculture, but much assistance was generously given by many agricultural experiment stations. Information on the markets described in this report was largely obtained by experiment station personnel. The survey of the Salt Lake City Market was made wholly by the Utah Agricultural Experiment Station, that of the Butte market by the Montana Agricultural Experiment Station, and that of the Albuquerque market by the New Mexico Station. The New Mexico Station and the Department cooperated in the El Paso survey. Field work in the Denver market was carried out by the Department.

The territory defined as a market is the standard metropolitan area, or, where such an area has not been defined, the county concerned. The territory included in the markets discussed in this report is:

Denver -- Adams, Arapahoe, Denver, and Jefferson Counties, Colo.

Salt Lake City -- Salt Lake County, Utah

El Paso -- El Paso County, Tex.

Albuquerque -- Bernalillo County, N. Mex.

Butte -- Silver Bow County, Mont.

All firms in each market were classified as to type, commodity specialization, and volume on the basis of a combination mail-and-telephone survey. All firms in the markets were surveyed.

Data on changes in the market were obtained from a variety of sources listed in the references at the end of this report. They include unload reports of the Market News Service, the Census of Business, the Produce Packer Red Book and its successor, and reports of earlier studies of some of these markets by the U. S. Department of Agriculture.

DENVER

Market Areas

Most wholesalers in the Denver fruit and vegetable market are concentrated in one area -- the Denargo Market. A few firms remain on the Wazee Market, at one time one of the important market areas of the city. Others are scattered throughout the city and the suburbs.

The Denargo Market is 2 miles north of the Civic Center, adjacent to the yards of the Union Pacific Railroad. All of the bigger wholesalers have rail sidings. Most of the wholesalers are located in buildings constructed for wholesaling operations. Each firm has its own store unit where it conducts all operations, but "comparison shopping" on the part of buyers is facilitated by a common loading platform running the length of the building. There is a small farmers' market within the Denargo Market.

All of the major receivers, service wholesalers, and brokers and the majority of the other wholesalers were located in the Denargo Market in 1958 (table 1). Nearly 60 percent of the total volume of produce sold in the Denver market in 1958 was handled in the Denargo Market.

The Wazee Market at 11th and Wazee Streets is one of the old markets of the city. It is owned jointly by 5 railroads. Only 3 firms were still located there in 1958 -- a shipper, a chain warehouse, and a sales agency. Another chain with a warehouse in the suburbs also maintained a prepackaging plant in the Wazee Market in 1958. Most of the chain warehouses and 10 of the smaller wholesalers were scattered about the city or in the suburbs.

Denver is primarily a truck market. In 1958, 85 percent of the fresh fruit and vegetable tonnage arrived by truck and only 15 percent by rail. Rail receipts were important for bananas, Washington apples, California, Idaho, and Colorado potatoes, Mexican tomatoes, and California strawberries. But while 500 carlots of California, Idaho, and Colorado potatoes arrived by rail, about seven times as much came in by truck. The predominance of truck receipts is due primarily to two factors: Savings in time and savings in money. For instance, in 1958 trucks from California, where about one-fourth of the total volume of produce originates, generally arrived in Denver within 36 to 48 hours, compared with typical rail times of 4 days, or fifth-morning delivery. Freight rates on many commodities shipped from California were 30 to 35 cents per crate more by rail than by truck.

Table 1.--Number of firms and volume handled, by market area and type of firm,
Denver wholesale produce market, 1958

Type of firm	Denargo Market				Wazee Market				Other areas			
	Firms		Volume		Firms		Volume		Firms		Volume	
	Total		Large		Total		Large		Total		Large	
	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/	1/
	Number	lots	Number	lots	Number	lots	Number	lots	Number	lots	Number	lots
Wholesale handlers:												
Receiver.....	12	4}	5,678		{	--	--	--	--	--	--	--
Receiver-jobber.....	1	--			--	--	--	--	--	--	--	--
Service wholesaler.....	1	1	--		--	--	--	--	--	--	--	--
Jobber (delivery).....	3	--	129		--	--	--	--	--	--	--	--
Truck jobber.....	7	--	350		--	--	--	--	--	--	--	--
Purveyor.....	8	1	1,110		--	--	--	--	7	2	--	170
Repacker; prepacker.....	2	--	2/		--	--	--	--	2	2/	--	2/
Merchant trucker.....	--	--	--		--	--	--	--	3	2/	--	2/
Mixed load shipper.....	3	2	1,385		--	--	--	--	1	2/	--	--
Brokers and agencies:												
Selling broker.....	6	6	7,875		--	--	--	--	--	--	--	--
Cooperative sales agency:	1	--	2/		--	--	--	--	--	--	--	--
Importers' sales agency:	1	1	2/		1	1	2/	2/	--	--	--	--
All wholesalers.....	45	15	18,459		2	2	2/	2/	13	--	--	1,334
Chain, retailer												
cooperative.....	--	--	--		1	1	2/	2/	4	4	4	2/
All firms.....	45	15	18,459		3	3	2/	2/	17	4	4	2/

1/ Large firms are those selling 500 carlots or more per year.

2/ Withheld to avoid disclosure of individual operations.

The Structure of the Market

In 1958, the Denver wholesale produce market was composed of 65 firms of 17 types (table 2). The most numerous were truck jobbers, receivers, and purveyors. Chains, brokers, and receivers, in that order, handled the greatest quantity of produce. No other type of firm handled more than 7 percent of the total volume. ^{1/}

Over half the firms were small, selling less than 200 carlots a year. These included all truck jobbers and jobbers, all but one purveyor, and half the receivers. A third of the firms, including all chains and brokers were large -- that is, they handled 500 or more carlots a year. About 10 percent of the firms fell in the middle size group, those handling from 200 to 499 carlots. This middle group included most of the prepackagers and repackers, 2 receivers, and 1 mixed load shipper.

Receivers, receiver-jobbers, service wholesalers, repackers, and prepackagers were mostly specialists, handling only one or two classes of commodities. Only a fourth of the receivers and no firms of the other types handled a complete line of produce in 1958 (table 3). Most jobbers, truck jobbers, purveyors, and merchant truckers handled a full line. All of the sales agencies and a third of the brokers were specialists.

Nearly 600 persons were employed in the market in 1958 (table 4). A third of these were employed by chains or by the retailer cooperative. The 206 employees of wholesale handlers were distributed fairly uniformly among the three sizes of firms.

Interfirm Relationships

Four of the eight Denver wholesalers who in 1958 had interests in other firms in the produce business were receivers, 2 were repackers or prepackagers, one was a shipper and one was a trucker. In total, they owned 2 farms, 2 packinghouses, 3 other Denver receivers, and a prepackager in another market.

In addition to the 3 Denver firms owned or controlled by other Denver wholesalers, 6 were local branches of multi-unit firms with offices in a number of cities and one was a mixed load shipper owned by a grower-shipper organization. These six firms included all of the sales agencies, a broker, a receiver, and a mixed load shipper.

Marketing Channels

The Denver wholesale produce market is the main source of supply for a large area extending as much as 400 miles in some directions. It includes most of Colorado, a large part of Wyoming, and portions of western Nebraska and other contiguous States. The 4 mixed load shippers in the market in 1958 assemble produce from nearby farmers and packers and local prepackagers, plus some from distant shipping points, and shipped it to markets all over the country. Within the Denver metropolitan area, more than 700 retail stores, restaurants, hotels, and institutions rely on the Denver wholesale market for most of their fresh fruits and vegetables. The many different channels through which these supplies reached them in 1958 are shown in figure 1.

^{1/} See Appendix, p. 63, for definitions of types of firms.

Table 2.--Number of firms by size and type, and volume handled,
Denver wholesale produce market, 1958

Type of firm	All firms		Distribution of firms by size				Percentage of volume handled by-			
	Number	Volume handled	Percent	Small	Medium	Large	Small firms	Medium firms	Large firms	
		Car-lots	Per-cent	Number	Number	Number	cent	cent	cent	
Wholesale handlers:										
Receiver.....	12			6	2	4	14	12	74	
Receiver-jobber.....	1	5,678	17	{ 1	--	--	100	--	--	
Service wholesaler.....	1			--	--	1	--	--	100	
Jobber (delivery).....	3	129	3/	3	--	--	100	--	--	
Truck jobber.....	14	520	2	14	--	--	100	--	--	
Purveyor.....	10	1,345	4	9	--	1	4/	--	4/	
Prepackager; repacker....	5	1,300	4	1	4	--	4/	--	--	
Merchant trucker.....	1		7	{ 1	--	--	100	--	--	
Mixed load shipper.....	4	2,159		--	1	3	--	18	82	
Brokers and agencies:										
Selling broker.....	6	7,875	25	--	--	6	--	--	100	
Cooperative sales agency:	2			{ 1	--	1	14	--	86	
Importers' sales agency	1	2,131	7	--	--	1	--	--	100	
All wholesalers.....	60	21,137	67	36	7	17	11	10	79	
Retail organizations:										
National chain.....	1			--	--	1	--	--	100	
Regional chain.....	2		33	--	--	2	--	--	100	
Local chain with warehouse:	1	10,494		--	--	1	--	--	100	
Retailer cooperative.....	1			--	--	1	--	--	100	
All retail organizations :	5	10,494	33	--	--	5	--	--	100	
All firms.....	65	31,631	100	36	7	22	7	7	86	

1/ Includes resales among wholesalers and sales to chains. 2/ Small firms handle less than 200 carlots per year, medium firms 200 to 499, and large firms 500 or more. 3/ Less than 0.5 percent.
4/ Withheld to avoid disclosure of individual operations.

Table 3.--Degree of commodity specialization of wholesalers, by type of firm,
Denver wholesale produce market, 1958

Type of firm	(Percent of each type of firm)									
	Firms handling complete line of produce					Firms specializing in --				
	No specialization		Some specialization		Plus other types of food		Several commodity classes		One class of commodities	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	17	8	--	--	33	33	--	--	8	
Receiver-Jobber.....	--	--	--	--	--	100	--	--	--	
Service wholesaler....	--	--	--	--	--	100	--	--	--	
Jobber (delivery)....	--	100	--	--	--	--	--	--	--	
Truck jobber.....	77	--	--	--	--	--	23	--	--	
Purveyor.....	80	--	10	--	--	--	--	--	10	
Repacker, prepacker:	--	--	--	--	--	80	20	--	--	
Merchant trucker.....	100	--	--	--	--	--	--	--	--	
Mixed load shipper....	--	--	--	--	50	50	--	--	--	
Selling broker.....	50	17	--	--	33	--	--	--	--	
Sales agency.....	--	--	--	--	--	67	33	--	--	
All wholesalers..	42	8	2	13	23	9	3			

Table 4.--Number of employees, by type and size of firm,
Denver wholesale produce market, 1958

Type of firm	All firms	Small firms 1/	Medium firms 1/	Large firms 1/
	Firms	Em- ployees	Em- ployees	Em- ployees
Receiver.....	12	109	25	18
Receiver-jobber.....	1	3	3	--
Service wholesaler.....	1	10	--	--
Jobber (delivery).....	3	9	9	--
Truck jobber.....	14	18	18	--
Purveyor.....	10	51	42	--
Repacker, prepackager.....	5	84	13	71
Mixed load shipper.....	2	80	--	45
Merchant trucker.....	1	3	3	--
All wholesale handlers....	49	367	113	134
Selling broker.....	6	19	--	--
Sales agency.....	1	1	1	--
All brokers and agencies	7	20	1	--
Chain; retailer cooperative:	3	206	--	--
All firms.....	59	593	114	134

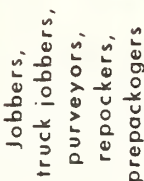
1/ Small firms handle less than 200 carlots per year, medium firms 200 to 499, and large firms 500 or more.

Nearly 40 percent of the produce arriving in the Denver market (not counting produce that was sold by Denver firms but that bypassed the Denver market) was brought in by brokers and sales agencies. Another fourth was brought in by other wholesalers, chiefly receivers and shippers. The chains and the retailer cooperative together received about a third (table 5).

Approximately a third of the produce received in the Denver market in 1958 was resold by wholesalers in the market to other wholesalers (table 6). Two-thirds of this volume was sold by brokers and sales agencies and most of the remainder by receivers. The Denver brokers do a substantial volume of mixed-carlot and split-carlot business -- that is, mixed carlots consisting of a number of different commodities and split carlots which are sold to a number of buyers. This is in contrast to the old-line brokerage business where a full carlot of a single commodity was sold to a single buyer.

In 1958, Denver wholesalers sold 7,300 carlots, or 37 percent of the total volume entering the market, to retail outlets and other final users (table 7). Of this amount, 4,600 carlots were sold to chains and the retailer cooperative, 1,600 carlots to eating places, institutions, and the military, and 1,000 carlots to retailers. Brokers, sales agencies, service wholesalers, and receiver-jobbers made most of the sales to chains. Service wholesalers and receiver-jobbers made 72 percent of the sales to retailers, and purveyors accounted for two-thirds of the sales to eating places, institutions, and the military.

(THOUSAND CARLOTS)



NEG. ERS 871-62 (1) ECONOMIC RESEARCH SERVICE

Figure 1

Table 5.--Sources of supply, by class of firm, Denver wholesale produce market, 1958

Class of buyer	Purchases from outside this market						Produce brought into Denver market	Produce brought into Denver market	
	Direct from :		Through :		From out-				
	shipping point or port of entry	1,000 carlots	sales agencies or brokers in other cities	1,000 carlots	local growers	1,000 carlots			off-town truckers
Broker.....		7.9	--	--	--	--	7.9	2.0	5.9
Sales agency.....		2.1	--	--	--	--	2.1	0.6	1.5
Mixed load shipper, merchant trucker.....		.1	--	--	1.5	--	1.6	--	1.6
Receiver, receiver-jobber, service wholesaler.....		2.0	1/	--	.6	1/	2.5	--	2.5
Jobber (delivery).....		1/	--	--	--	--	1/	--	1/
Truck jobber.....		--	--	--	.1	--	.1	--	.1
Purveyor.....		.2	--	--	.1	--	.3	--	.3
Repacker, prepackager.....		.1	--	--	.4	--	.5	--	.5
All wholesalers.....		12.4	1/	1/	2.6	1/	15.0	2.6	12.4
Chain, retailer cooperative. Retailer, processor, eating place.....		4.3	--	--	1.7	--	6.1	--	6.1
Grand total.....		.5	--	--	.2	--	.7	--	.7
Grand total.....		17.2	1/	1/	4.5	1/	21.8	2.6	19.2

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 6.--Wholesalers' sales to other Denver wholesalers, by class of firm, Denver wholesale produce market, 1958

Class of seller	Type of buyer						
	Mixed load : shipper, mer- chant trucker : service wholesaler :	Receiver, : receiver-jobber, : (delivery) :	Jobber carlots	Truck carlots	Purveyor carlots	Repacker, prepackager	Total
Broker.....	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Sales agency.....	0.2	2.5	--	0.1	1/	0.7	3.5
Mixed load shipper, merchant trucker.....	--	0.6	1/	1/	--	--	0.6
Receiver, receiver-jobber, service wholesaler.....	0.1	--	--	--	--	--	0.1
Jobber (delivery).....	--	1/	0.1	0.4	0.9	--	1.4
Truck jobber.....	--	0.1	--	--	--	--	0.1
Purveyor.....	--	--	--	--	1/	--	1/
Repacker, prepackager.....	0.3	1/	1/	--	0.1	0.1	0.5
Total.....	0.6	3.1	0.1	0.5	1.0	0.8	6.1

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 7.--Wholesalers' sales to retail outlets, by class of firm, Denver wholesale produce market, 1958

Class of seller	Type of retail outlet						
	Chains, retailer : cooperative :	Retail store, peddler :	Processor, consumer :	Eating place, institution, military :	Total		
Broker.....	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Sales agency.....	2.0	--	--	--	2.0	1.0	
Mixed load shipper, merchant trucker.....	1.0	--	--	--	--	--	
Receiver, receiver-jobber, service wholesaler.....	0.2	1/	1/	1/	0.2	0.2	
Jobber (delivery).....	1.2	0.7	0.1	0.5	2.5	2.5	
Truck jobber.....	1/	0.1	--	--	0.1	0.1	
Purveyor.....	--	0.1	--	--	0.1	0.1	
Repacker, prepackager.....	0.1	0.1	--	1.1	1.3	1.3	
Total.....	4.6	1.0	0.1	1.6	7.3	7.3	

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Wholesalers in the Denver market sold 7,700 carlots of produce to out-of-town buyers in 1958 (table 8). Most of the merchandise sold by brokers and sales agencies was delivered directly to buyers and did not pass through Denver. The biggest part of the produce sold to out-of-town buyers went to wholesalers in other markets. This included substantial quantities of vegetables grown nearby, which were shipped all over the country. About a third of the out-of-town sales were to chains and voluntary and cooperative groups, and the remainder to retailers, eating places, institutions, and the military.

Buying Methods

Over 80 percent of the fruits and vegetables bought in 1958 directly from shipping point by Denver wholesale handlers were purchased by telephone contact with the shipper (table 9). Jobbers, purveyors, prepackagers, and repackers made all their purchases by telephone. The receivers, the receiver-jobber, and the service wholesaler handled 5 percent on consignment and purchased 5 percent through their own buyers in the production areas. The shippers and the trucker made about a fourth of their shipping-point purchases in person at the farm or packingshed.

Most wholesalers and chains purchased the biggest part of their supplies on an f.o.b. basis. One receiver-jobber and one chain bought mostly on a delivered basis. The delivered basis was second choice for 5 wholesalers and 1 chain.

Functions and Services

Many of the functions performed by wholesale produce firms are implicit in the definition of each type of firm (see Appendix, p.63). Other functions and services are provided by some firms but not by others of the same type.

In the Denver market in 1958, most unloading of rail cars was done by the firms' own employees. Bananas were usually unloaded by a crew that specialized in handling bananas and worked on a flat rate per car. In most cases, over-the-road trucks were unloaded by employees of the firm receiving the shipment. Sometimes the truck driver employed a crew to unload the truck. One firm contracted for all handling and warehousing functions and had none of the physical handling done by its own employees.

Practically all rail cars were unloaded at the store sidings. Four firms -- 1 receiver and 3 truck jobbers -- hauled 73 carlots from team tracks to their stores, using their own trucks and employees.

Most of the produce sold by wholesale handlers passed through their stores. About 500 carlots were sold and delivered directly from the rail car or truck. Most of these sales were made by receivers; small amounts were sold by receiver-jobbers and purveyors.

Nearly all of the wholesale handlers provided delivery service in 1958 (table 10). Only one receiver and two mixed load shippers did not deliver at least part of their sales. Sixty-three percent of the produce sold by wholesale handlers was delivered to the customers, almost all in the firms' own trucks.

Most of the wholesalers reported that the majority of their sales were made to regular customers. Only one firm said that it had no regular customers. The

Table 8.--Wholesalers' out-of-town sales and sales in Denver market, by class of firm,
Denver wholesale produce market, 1958

Class of seller	Type of out-of-town buyer					Total out-of-town sales carlots	Sales in the Denver market carlots	Total sales carlots
	Wholesaler	Chain, vol- untary or cooperative	Retailer	Eating place, institution, military	1,000 carlots			
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker.....	0.7	1.7	--	--	2.4	5.5	7.9	
Sales agency.....	0.6	1/	--	--	0.6	1.5	2.1	
Mixed load shipper, merchant trucker.....	1.5	0.3	--	--	1.8	.4	2.2	
Receiver, receiver-jobber, service wholesaler.....	1.1	0.2	0.5	--	1.8	3.9	5.7	
Jobber (delivery).....	1/	--	--	--	1/	.1	.1	
Truck jobber.....	1/	1/	0.3	0.1	0.4	.1	.5	
Purveyor.....	1/	--	--	0.1	0.1	1.2	1.3	
Repacker, repackager.....	0.4	0.2	--	--	0.6	.7	1.3	
Total.....	4.3	2.5	0.8	0.2	7.7	13.4	21.1	

1/ Less than 50 carlots.

Figures may not add exactly to the total because of rounding.

Table 9.--Percentage distribution of shipping point purchases made by wholesale handlers, by method of purchase,
Denver wholesale produce market, 1958

Type of firm	Consignment		Direct by		Through		Through own		By personal		Total
	Percent	Percent	phone or wire	Percent	shipping point: buying broker	Percent	salaried buyer	Percent	contact with: grower	Percent	
Receiver, receiver-jobber											
service wholesaler.....	15	79		1		5	--	--	--	100	
Jobber (delivery).....	--	100		--		--	--	--	--	100	
Purveyor.....	--	100		--		--	--	--	--	100	
Prepackager, repacker.....	--	100		--		--	--	--	--	100	
Mixed load shipper, merchant trucker.....	3	70		--		--	--	27		100	
Wholesale handlers.....	13	81		1		4	1			100	

Table 10.--Extent of delivery service by Denver wholesale produce handlers, 1958

Type of firm	Per-	Volume delivered:		Percentage of		
	centage	as percentage	of sales of--	deliveries by --		
	of firms	All	Firms			
	pro-	Firms	making	Firms'	Hired	Method
	viding	of this	some	trucks	trucks	unknown
	delivery	type	deliv-			
	service		eries			
	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	92	68	69	99	1	--
Receiver-jobber,						
service wholesaler...	100	54	54	100	--	--
Jobber (delivery)....	100	90	90	100	--	--
Truck jobber.....	100	97	97	100	--	--
Purveyor.....	100	97	97	100	--	--
Repacker, prepackager:	100	80	80	100	--	--
Merchant trucker,						
mixed load shipper...	60	13	24	35	--	65
All wholesale						
handlers.....	94	63	70	97	1	2

following tabulation gives, for each type of firm, the percentage of produce that went to regular customers:

Type of firm	Sales to regular customers (Percent of all sales)
Receiver, receiver-jobber, service wholesaler	80
Jobber (delivery)	100
Truck jobber	97
Purveyor	95
Repacker, prepackager	93
Mixed load shipper	100
Selling broker	94
Sales agency	100

Approximately 1,700 carlots of produce were prepackaged or repacked by 16 Denver wholesalers in 1958 (table 11). This does not include a substantial quantity prepackaged by one chain. About 62 percent of the total was put up by repackers or prepackagers, 22 percent by jobbers (delivery) and mixed load shippers, and 16 percent by receivers. Locally grown carrots accounted for over a third of this amount, with locally grown celery in second place. Prepackaging was a minor activity for all firms except repackers, prepackagers, and some of the shippers.

Few Denver firms offered merchandising services in 1958. One service wholesaler, one truck jobber, and one sales agency suggested selling prices to retailers. None of the firms trained retail produce personnel for their customers. Five firms -- one large receiver, a truck jobber, the service wholesaler, and two sales agencies --

Table 11.--Volume prepackaged or repacked, by type of firm,
Denver wholesale produce market, 1958

Commodity	Prepackaged or repacked by --			
	5 repackers and pre- packagers	6 receivers	5 jobbers (delivery) and mixed-load shippers	All wholesalers
	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>
Potatoes....	--	100	--	100
Onions.....	--	50	26	76
Tomatoes....	60	97	63	220
Celery.....	312	--	60	372
Carrots.....	445	--	239	684
Spinach....	208	--	--	208
Oranges.....	--	15	--	15
Apples.....	--	8	--	8
Other.....	35	--	--	35
Total.....	1,060	270	388	1,718

gave assistance to retailers in promotion and display. Fourteen firms guaranteed prices in advance of delivery on items which a retailer was planning to feature as an advertised special, thus permitting the retailer to plan his advertising in advance without the risk of a price rise before arrival of the merchandise. This service was provided by 3 receivers, 6 truck jobbers, 3 purveyors, 1 prepackager, and 1 mixed load shipper.

The usual credit terms offered by wholesale handlers in 1958 were 7 days for noninstitutional trade and 30 days for institutional trade (table 12). However, 3 truck jobbers and a prepackager offered 30-day credit to all customers. Two receivers sold on 10-day credit and 1 receiver and 1 receiver-jobber on 15-day credit.

Four wholesalers made loans to finance production, at least occasionally. These included 2 receivers, one of whom made only an occasional loan for harvesting, 1 prepackager who made loans for the costs of seed and harvesting and 1 shipper who supplied seed on credit. One receiver and the service wholesaler reported that they had previously made loans to finance production but had discontinued the practice.

Margins

The practice of figuring markups, or margins, in terms of cents per package rather than on a percentage basis is much more widespread in Denver than in most other produce markets. Of the 45 Denver wholesalers who quoted target margins, 24 quoted them in cents per package and 21 in percentages. Target margins of receivers, receiver-jobbers, and service wholesalers who quoted in terms of percentages were higher than those of other types of firms, but target margins of those receivers, receiver-jobbers, and service wholesalers quoting in cents per package were lower than those of other types of firms (table 13).

Table 12.--Firms in the Denver wholesale produce market offering specified credit terms, by type of firm, 1958

Type of firm	Number of days credit offered --			
	7	10	15	30
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver.....	8	2	1	--
Receiver-jobber.....	1	--	--	--
Service wholesaler...	1	--	--	--
Jobber (delivery)...	3	--	--	--
Truck jobber.....	9	1	--	3
Purveyor.....	--	--	--	10
Repacker, prepackager:	3	--	--	1
Mixed load shipper...	2	--	--	--
Total.....	27	3	1	14

The Structure of the Retail Market

In 1958, the Denver metropolitan area had 983 retail food stores with total sales of \$248 million. These included 646 grocery stores with sales of \$227.4 million, 44 specialty fruit and vegetable stores with sales of \$2,124,000, and 293 other specialty food stores.

A national chain, 3 regional chains, and a local chain which also sponsored a voluntary group served a total of 210 stores from Denver warehouses, including 113 stores in the Denver metropolitan area. Retailer cooperatives and voluntary groups serviced several hundred stores, 181 of them in the Denver market. Chains with 2 to 3 stores apiece owned a total of 20 stores in the Denver market.

Chains with 11 or more stores apiece made 64 percent of all food store sales in the Denver metropolitan area. This category included 40 specialty stores. Specialty chains with 4 to 10 stores accounted for 1 percent of the total. Chains of 2 to 3 stores did 5 percent of the business and single-unit stores 30 percent. Retail sales of members of cooperatives and voluntary groups (not all of them single-unit stores) constituted 20 percent of total food store sales.

Three Decades of Change in the Market

Between 1929 and 1932, total receipts of fresh fruits and vegetables in the Denver market averaged about 9,000 carlots annually. ^{2/} In 1936, the volume was reported as 8,800 carlots; between 1951 and 1960, it increased fairly steadily from 12,000 to nearly 20,000 carlots (fig. 2). The increase was chiefly due to the growing population in the Denver area, but it did not keep pace with the growth of retail food store sales. Between 1935 and 1958, retail food store sales in the Denver area (adjusted for changes in prices) rose 212 percent, whereas receipts of fresh fruits and vegetables rose only 115 percent between 1936 and 1958.

^{2/} Throughout this section, all carlots have been converted to a constant tonnage, equivalent to the average load per railroad car in 1958.

Table 13.--Target margins of wholesalers, Denver wholesale produce market, 1958

Type of firm	Average target margin of firms : quoting in terms of --			Percentage of firms quoting a target margin
	Percentage of	Cents per		
	sales price	package		
	Percent	Cents	Percent	
Receiver,				
receiver-jobber,				
service wholesaler:	17.3	28.4	93	
Jobber (delivery)...		35.0	100	
Truck jobber.....	13.5	44.9	77	
Purveyor.....	15.0	39.5	100	

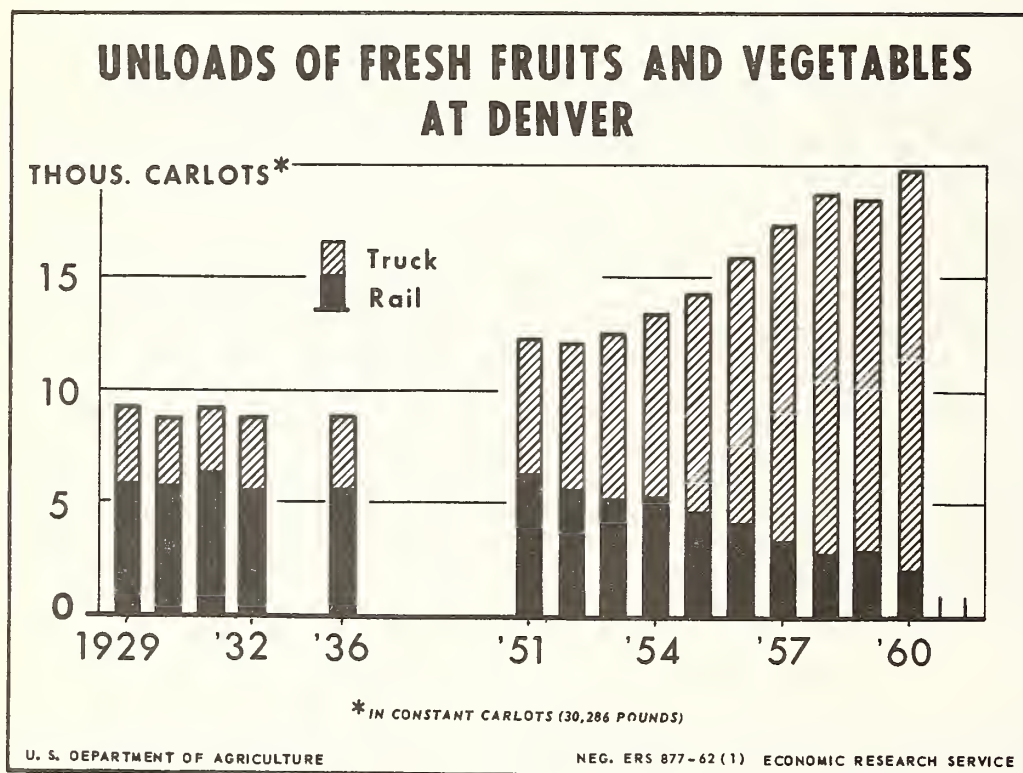


Figure 2

There has been a marked shift from rail to truck shipments in the past three decades. In 1929, two-thirds of the produce was shipped by rail; by 1951 this had dropped to 50 percent, and by 1960 to 10 percent.

Direct receipts from shipping point of chains and retailer cooperatives increased from 3,000 carlots in 1936 to 8,000 in 1958; those of wholesale handlers, including purchases through brokers and rail agencies increased from 5,500 to 8,000 carlots (fig. 3). Thus the chains' share of direct receipts increased from 35 percent in 1936 to 50 percent in 1958.

Number and Type of Firms

A leading trade directory listed 111 produce wholesalers in Denver in 1939, 78 in 1948, and 77 in 1958 (table 14). Between 1939 and 1958, the number of jobbers declined from 17 to 1, the number of receivers and receiver-jobbers from 36 to 25, the number of brokers from 19 to 8, and the number of shippers from 21 to 15. During this period, the number of truck jobbers listed increased from 13 to 20. Most of the changes took place between 1939 and 1948.

The classifications in table 14 are not necessarily the same as those in the remainder of this study. They are based on the first listing in the trade directory. For most firms, several different types are listed -- often as many as five or six -- indicating the variety of functions and service performed by many firms. For example, a firm may be listed as a "receiver-commission merchant-jobber" in the trade directory and would appear in table 14 as a receiver.

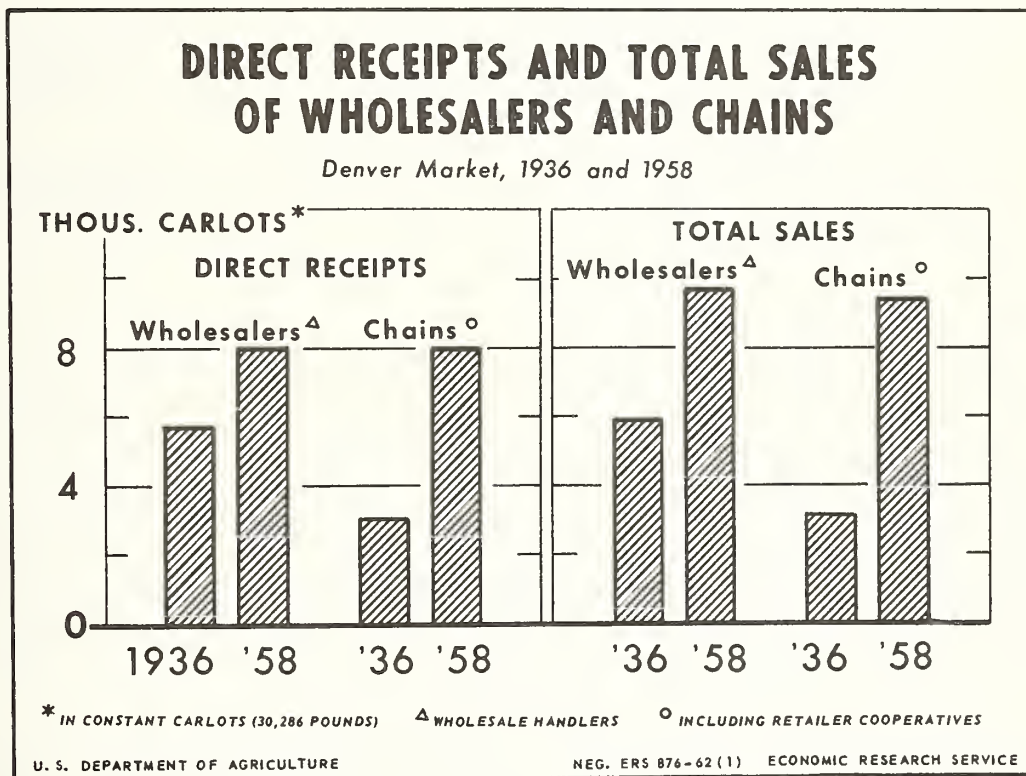


Figure 3

Table 14.--Number of firms, by type, Denver wholesale produce market, 1939, 1948, and 1958

Class of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver, receiver-jobber...	36	25	25
Jobber.....	17	7	1
Repacker, prepackager.....	--	1	--
Truck jobber.....	13	14	20
Trucker.....	--	--	2
Shipper, packer.....	21	20	15
Wholesale handlers.....	87	67	63
Broker.....	19	8	8
Buying broker.....	1	--	2
Distributor, sales agency..	4	3	4
Brokers and agencies.....	24	11	14
All wholesalers.....	111	78	77
Chainstore.....	1	2	5
Wholesale grocer.....	1	--	1
Grand total.....	113	80	83

Packer Red Book, 1939 and 1948; Fresh Year Book Issue--The Packer, 1958.

The number of chains listed as receivers of fresh fruits and vegetables increased from 1 in 1936 to 2 in 1948 and 5 in 1958. One wholesale grocer was listed in 1939, none in 1948, and one in 1958.

Entrance and Exit of Wholesalers

The wholesale produce business is relatively easy to enter. Capital requirements are low. Buildings can be rented and, for most types of business, little equipment is needed. Expensive equipment such as trucks can be rented or leased, or bought on time payments. This means that new firms are constantly entering the business and old ones going out. In addition to the turnover in firms, there is frequent turnover in ownership and management. Only a small proportion of the firms now in existence have been owned by the same persons or the same families over their entire history. Commonly, as the owners reach retirement age they sell out to the junior members of the firm or to others in the produce business, frequently employees of other firms who wish to go into business for themselves.

Only 31 of the 77 wholesalers listed in table 14 as being in business in 1958 were named in all three years -- 1939, 1948, and 1958. Of the others, 13 went into business between 1939 and 1948 and 33 between 1948 and 1958. Of the 111 wholesalers listed in 1939, 53 went out of business before 1948 and another 27 between

1948 and 1958. Another 7 who went into business between 1939 and 1948 were out of business again by 1958.

Forty-six percent of the wholesalers active on the Denver market in 1958 had been in business 20 years or longer (table 15). No local firm was as much as 50 years old, but two of the sales agencies were older. Seven firms had entered the market during the preceding 10 years -- 1 receiver, 3 truck jobbers, 1 prepackager, and 2 brokers.

Growth and Decline of Firms

The dynamic nature of competition in the Denver wholesale produce market is also illustrated by the changes in volume of produce sold by various types of firms in the market. Forty-seven wholesalers who had been in business 10 years or longer reported on changes in the volume of their sales between 1948 and 1958. Of these firms, 36 percent reported an increase of more than 10 percent in sales, 11 percent reported little or no change, and 53 percent reported a decline of more than 10 percent. The experience of most types of firms was generally similar, with two notable exceptions. The following tabulation gives the percentage of firms of each type whose sales increased or decreased more than 10 percent between 1948 and 1958:

<u>Type of Firm</u>	<u>Sales increased</u>	<u>Sales decreased</u>
	<u>more than 10 percent</u>	<u>more than 10 percent</u>
	<u>(Percent of firms)</u>	
Receiver, receiver-jobber, service wholesaler	42	58
Jobber (delivery)	100	0
Truck jobber	9	60
Purveyor	29	61
Repacker, prepackager	33	67
Mixed load shipper	50	50
Selling broker	50	25
Cooperative sales agency	50	50

The unfavorable experience of the truck jobbers and the repackers and prepackagers may be due in part to the entrance of new firms into these lines of business within the past decade (table 15). The favorable experience of the remaining jobbers may be due to the rapid exit of large numbers of their fellows, (table 14), leaving a larger share of business for each of the remaining firms.

Changes in Trade Channels

Most Denver produce firms had not changed their sources of supply during the 10 years from 1948 to 1958. Nearly 70 percent of the wholesalers who had been in business the full 10 years reported that they had made no changes. One receiver was buying more produce direct from shipping point and less in the local market; another was buying less produce direct from shipping point and more from local brokers; a third reported an increase in purchases from local brokers but did not say where he had previously bought. A purveyor was buying more in the local market and less from shipping point than he did 10 years earlier. One prepackager had shifted from direct buying to buying through local brokers, and two reported changing from nearby supplies to supplies from more distant areas.

Table 15.--Percentage of firms in business for specified periods, by type of firm,
Denver wholesale produce market, 1958

Type of firm	1-4 years	5-9 years	10-19 years	20-29 years	30-39 years	40-49 years	50-59 years	60 years or more	Total
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	--	8	42	8	25	17	--	--	100
Receiver-jobber.....	--	--	--	100	--	--	--	--	100
Service wholesaler....	--	--	100	--	--	--	--	--	100
Jobber (delivery).....	--	--	100	--	--	--	--	--	100
Truck jobber.....	--	23	47	--	23	7	--	--	100
Purveyor.....	--	--	46	34	10	10	--	--	100
Repacker, prepacker...	20	--	60	20	--	--	--	--	100
Merchant trucker.....	--	--	--	--	100	--	--	--	100
Mixed load shipper ¹ / ₁ ...	--	--	--	100	--	--	--	--	100
Selling broker.....	33	--	17	33	17	--	--	--	100
Sales agency.....	--	--	--	33	--	--	33	33	100
All firms.....	5	7	42	19	16	7	2	2	100

¹/ Omits 2 mixed load shippers not reporting years in business.

All chains had increased their direct purchases from shipping point. One was buying less from local farmers and two were buying smaller quantities in the local market.

Over the 10-year period, wholesalers' outlets had shifted markedly from independent grocery stores to chains, the retailer cooperative, and institutions. Two receivers, 1 prepackager, 2 brokers, and 2 sales agencies reported increased sales to chains. One receiver reported that its sales to chains had declined. The retailer cooperative, a newcomer to the produce business within the past 10 years, provided an outlet for increased supplies for 1 receiver and 2 brokers. Two purveyors reported increasing sales to institutional outlets. (One was a jobber in 1948.) Ten wholesalers had experienced declining sales to independent grocery stores and 8 reported that the number of outlets had declined, usually referring to the number of retail stores. Two brokers were selling more to chains and less to receivers.

Changes in Services

On balance, Denver wholesalers did not make much change in the services offered during the period 1948 to 1958. In 1958, more service was being offered by 9 firms and less service by 6. Twenty-two firms had made no changes in the services offered since 1948. Six firms provided more frequent delivery than formerly; 4 provided less frequent delivery. Three were doing more prepackaging; one was doing less. One was supplying less merchandising assistance to his customers.

Credit terms in the Denver market changed little in the 10-year period. Two receivers reported offering shorter terms in 1958 than they had 10 years earlier. No other changes in terms were mentioned, although 5 firms -- 2 receivers, 2 shippers, and 1 prepackager -- said that collection was more difficult than it was formerly and 3 truck jobbers said they were offering less credit than before.

Outlook of Wholesalers

It has been said that produce wholesalers are traditionally pessimistic. Denver wholesalers certainly confirm such a statement. Only 16 percent of the 55 wholesalers replying to a question about the business outlook felt that it was good; 62 percent said that it was bad and 22 percent that it was fair. Large wholesalers were somewhat more optimistic than smaller ones -- 36 percent of the large wholesalers said the outlook was good, 29 percent of the middle group, and 9 percent of the small operators. The optimists were found only among the brokers (50 percent thought the outlook was good), sales agencies (100 percent), prepackagers (40 percent), purveyors (20 percent), and receivers (11 percent). All jobbers, truck jobbers, receiver-jobbers, service wholesalers, shippers, and merchant truckers responding felt that the outlook was either fair or bad.

Six wholesalers expected to go out of business in the next few years. Another retired in early 1959. Others reported the following plans for changes in operations:

	<u>Number of firms</u>
Shift from green-wrap to vine-ripe tomatoes	1
Expand the frozen food part of the business	2
Go into prepeeling potatoes or preparing salads or both	2
Move operation to shipping point	1
Try for greater economy of operation	1

SALT LAKE CITY

Market Areas

Salt Lake City has only one concentrated wholesale produce market area -- the district around the Growers' Market. All railroads make deliveries at various points in this general area. In 1958, all large produce wholesalers, except for one service wholesaler and a mixed load shipper, were located in the Growers' Market area (table 16). About 80 percent of all produce sales were made by firms in this area. Five wholesalers and 5 small chains were located elsewhere in the city, and 7 wholesalers -- mostly truck jobbers -- were located in the suburbs. The Growers' Market itself is nearly a thing of the past. Very few farmers use it now.

There is no organized wholesale market in Salt Lake City such as is found in some other cities. For instance, common loading platforms shared by many firms like those on the Denargo Market in Denver do not exist in Salt Lake City. The wholesalers are located in separate buildings, although most of them are within a radius of a few blocks of the Growers' Market.

The Structure of the Market

Forty-five firms -- 7 retail organizations and 38 wholesalers -- made up the Salt Lake City wholesale produce market in 1958 (table 17). The 12 receivers handled 29 percent of the total volume of sales (including resales among wholesalers), 5 service wholesalers and wholesale grocers handled 19 percent, 3 brokers and sales agencies 21 percent, and other wholesalers 12 percent. The remaining 19 percent was handled by the 6 chains and the 1 retailer cooperative.

The 24 wholesalers selling less than 200 carlots annually accounted for 16 percent of the volume sold by wholesalers, and the 10 firms with annual sales of 500 carlots or more accounted for 78 percent.

Over 80 percent of the wholesalers handled a complete line of produce in 1958 (table 18). All receiver-jobbers, service wholesalers and wholesale grocers, truck jobbers, receiver-purveyors, mixed load shippers, and selling brokers were general-line firms. All prepackagers, jobbers and sales agencies were specialists. Two-thirds of the receivers were general-line wholesalers.

Salt Lake City wholesalers had a total of 346 employees in 1958 (table 19). Most of these were employed by the receivers, receiver-jobbers, and service wholesalers.

Interfirm Relationships

A receiver, the mixed load shipper, and a service wholesaler each owned or controlled at least one packinghouse outside the Salt Lake City market in 1958. In addition, the mixed load shipper firm was owned by one of the brokers in the market.

Two of the Salt Lake City service wholesalers and the cooperative sales agency belonged to multi-unit firms with operations in several markets in various parts of the Nation.

Table 16.--Number of firms and volume handled, by market area and type of firm, Salt Lake City, wholesale produce market, 1958

Type of firm	Growers' market area			Other areas in Salt Lake City			Suburbs		
	Firms		Volume	Firms		Volume	Firms		Volume
	Total	Large 1/		Total	Large 1/		Total	Large 1/	
	Number	Number	Carlots	Number	Number	Carlots	Number	Number	Carlots
Wholesale handlers:									
Receiver.....	12	3	5,532	--	--	--	--	--	--
Receiver-jobber....	4	--	401	--	--	--	--	--	--
Service wholesaler..	2	2	2/	2	1	2/	--	--	--
Wholesale grocer....	1	1	2/	--	--	--	--	--	--
Jobber (delivery)...	1	--	2/	--	--	--	--	--	--
Truck jobber.....	1	--	2/	2	--	2/	6	--	2/
Receiver-purveyor...	2	--	2/	--	--	--	--	--	--
Prepackager.....	--	--	--	--	--	--	1	--	2/
Mixed load shipper..	--	--	--	1	1	2/	--	--	--
Brokers and agencies:									
Selling broker.....	2	1	2/	--	--	--	--	--	--
Sales agency.....	1	1	2/	--	--	--	--	--	--
All wholesalers...	26	8	2/	5	2	2/	7	--	573
Chains, retailer cooperative.....	2	2	2/	5	--	2/	--	--	--
All firms.....	28	10	16,343	10	2	3,143	7	--	573

1/ Large firms are those selling 500 carlots or more per year.

2/ Withheld to avoid disclosure of individual operations.

Table 17.--Number of firms, by size and type, and volume handled, Salt Lake City wholesale produce market, 1958

Type of firm	All firms		Distribution of firms by size 1/			Percentage of volume handled by -		
	Number	Quantity	Percentage of total market		Number	Small firms	Medium firms	Large firms
			Percent	Number				
	Carlots	Percent	Number	Number	Number	Percent	Percent	Percent
Wholesale handlers:								
Receiver.....	12	5,532	29	7	2	3/	3/	76
Receiver-jobber....	4	401	2	4	--	100	--	--
Service wholesaler..	4		19	{--	1	--	10	90
Wholesale grocer....	1	3,620		--	--	--	--	100
Truck jobber.....	9	722	4	9	--	100	--	--
Receiver-purveyor...	2			2	--	100	--	--
Jobber (delivery)...	1		6	{ 1	--	100	--	--
Prepackager.....	1	1,129		1	--	100	--	--
Mixed load shipper..	1			--	--	--	--	100
Brokers and agencies:								
Selling broker.....	2	4,076	21	{--	1	--	9	91
Cooperative sales agency.....	1			--	--	--	--	100
All wholesalers...	38	15,480	81	24	4	10	16	78
Retail organizations:								
National chain.....	1			{--	--	1	--	100
Local chain with-out warehouse.....	5	4,579	19	{ 5	--	--	100	--
Retailer cooperative:	1			--	--	1	--	100
All retail organizations....	7	4,579	19	5	--	1	3/	3/
All firms.....	45	20,159	100	24	4	12	3/	3/

1/ Includes resales among wholesalers and sales to chains.

2/ Small firms handle less than 200 cartlots per year, medium firms 200 to 499, and large firms 500 or more.

3/ Withheld to avoid disclosure of individual operations.

Table 18.--Degree of commodity specialization of wholesalers, by type of firm, Salt Lake City wholesale produce market, 1958

Type of firm	(P e r c e n t o f e a c h t y p e o f f i r m)					
	Firms handling complete line of produce and --		Firms specializing in --			
	No other types of food	Other types of food	Several commodity classes	One class of commodities	Several commodities of different classes	
	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	67	--	8	17	8	
Receiver-jobber....	100	--	--	--	--	
Service wholesaler..	100	--	--	--	--	
Wholesale grocer....	--	100	--	--	--	
Jobber (delivery)...	--	--	--	--	100	
Truck jobber.....	100	--	--	--	--	
Receiver-purveyor...	100	--	--	--	--	
Prepackager.....	--	--	--	100	--	
Mixed load shipper..	100	--	--	--	--	
Selling broker.....	100	--	--	--	--	
Sales agency.....	--	--	--	100	--	
All wholesalers...	79	3	3	10	5	

Table 19.--Number of employees, by type and size of firm, Salt Lake City wholesale produce market, 1958

Type of firm	All firms	Small firms <u>1/</u>	Medium firms <u>1/</u>	Large firms <u>1/</u>
	<u>Firms</u>	<u>Em- ployees</u>	<u>Em- ployees</u>	<u>Em- ployees</u>
Receiver.....	12	95	<u>2/</u>	<u>2/</u> 48
Receiver-jobber.....	4	22	22	-- --
Service wholesaler....	4	138	--	<u>2/</u> <u>2/</u>
Truck jobber.....	9	19	19	-- --
Jobber (delivery), receiver-purveyor, prepackager, mixed load shipper..	5	61	<u>2/</u>	-- <u>2/</u>
All wholesale handlers.....	34	335	86	56 193
Selling broker, sales agency.....	3	11	--	1 10
All wholesalers...	37	346	86	57 203

1/ Small firms handle less than 200 carlots per year, medium firms 200 to 499, and large firms 500 or more.

2/ Withheld to avoid disclosure of individual operations.

Marketing Channels

The Salt Lake City wholesale produce market provides fresh fruits and vegetables for a broad area covering most of Utah and substantial portions of neighboring States. Only 35 percent of the produce that came into Salt Lake City in 1958 reached consumers within the metropolitan area. The major channels through which produce passed from shipper to retailer are shown in figure 4.

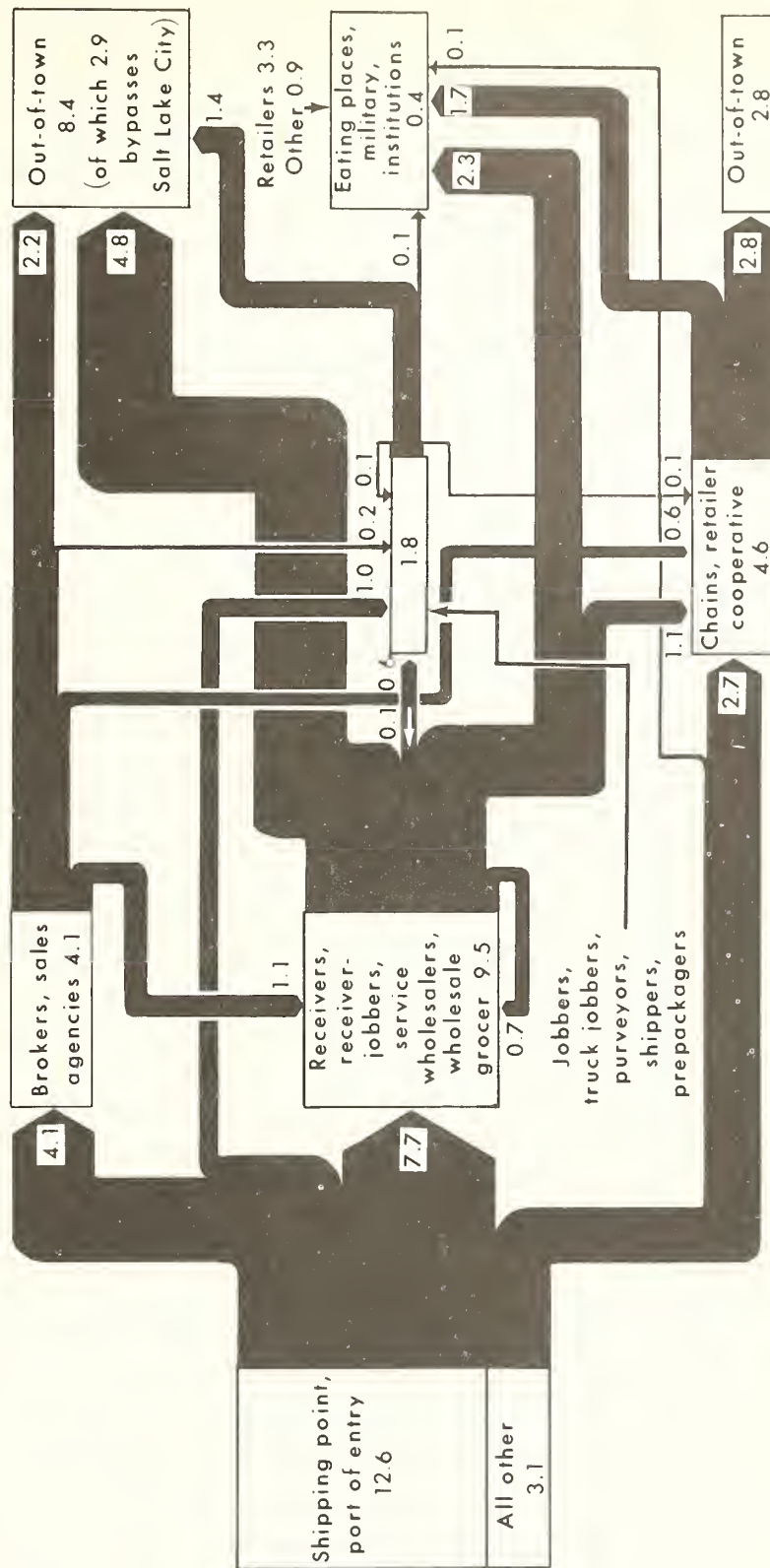
In 1958, 76 percent of the produce arriving in the market came direct from shipping point (table 20). Six percent was purchased through sales agencies and brokers in other cities and delivered to Salt Lake City buyers. Local growers supplied 17 percent of the total and 1 percent was brought in by out-of-town truckers.

The 12,800 carlots of produce that arrived in the market in 1958 were brought in by the various types of firms as follows:

<u>Type of firm</u>	<u>Percent</u>
Receiver	31
Receiver-jobber, service wholesaler, wholesale grocer	23
Chainstore, retailer cooperative	21
Broker, sales agency	16
Others	9

MAJOR MARKETING CHANNELS, SALT LAKE CITY WHOLESALE PRODUCE MARKET, 1958

(THOUSAND CARLOTS)



U S DEPARTMENT OF AGRICULTURE

NEG. ERS 873-62 (1) ECONOMIC RESEARCH SERVICE

Figure 4

Table 20.--Sources of supply, by class of firm, Salt Lake City wholesale produce market, 1958

Class of buyer	Purchases from outside this market					Produce by--		
	Direct from : shipping : point or port : of entry :	Through sales : agencies or : brokers in : other cities :	From : local : growers :	From : out-of-town : truckers :	Total	passing : Salt Lake : City market :	Produce brought into : Salt Lake : City market :	Produce : brought into : Salt Lake : City market :
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker, sales agency :	4.1	--	--	--	4.1	2.1	2.0	2.0
Receiver..... :	4.0	0.2	0.5	0.1	4.8	0.8	4.0	4.0
Receiver-jobber, : service wholesaler, : wholesale grocer.... :	2.2	0.2	0.5	1/	2.9	--	2.9	2.9
Truck jobber..... :	0.1	--	0.1	0.1	0.2	--	0.2	0.2
Jobber (delivery), : receiver-purveyor, : mixed load shipper, : prepackager..... :	0.3	--	0.5	1/	0.8	1/	0.8	0.8
All wholesalers.... :	10.6	0.4	1.7	0.2	12.8	2.9	9.9	9.9
Chain, retailer : cooperative..... :	2.0	0.3	0.4	--	2.7	--	2.7	2.7
Retailer, processor, : eating place..... :	--	--	0.2	--	0.2	--	0.2	0.2
Grand total..... :	12.6	0.7	2.2	0.2	15.7	2.9	12.8	12.8

1/ Less than 50 carlots.

The detailed figures may not always add exactly to the total because of rounding.

Twenty-one percent of the produce arriving was resold to wholesalers within the market. Brokers and sales agencies made half these sales and receivers made most of the remainder (table 21).

Salt Lake City wholesalers sold 4,500 carlots to retail outlets in 1958 (table 22). The biggest share -- 40 percent -- went to chains and the retailer cooperative. Retail stores and a few peddlers took 31 percent, processors 20 percent, and eating places and institutions the remainder.

Wholesalers sold 8,300 carlots to out-of-town buyers in 1958. About 35 percent of this volume bypassed the city and was delivered directly to the buyers (table 23). Receivers, brokers, sales agencies, receiver-jobbers, service wholesalers, and wholesale grocers accounted for most of the out-of-town sales. Most of the produce sold to out-of-town buyers went to wholesalers; one-sixth went to chains, retailer cooperatives, and voluntary groups.

Buying Methods

Most 1958 purchases from shipping point by Salt Lake City wholesale handlers were made by telephone (table 24). Except for the receiver-jobbers, the firms of each type made more than half their purchases in this way. All shipping-point purchases of receiver-jobbers were made through buying brokers in the shipping point markets. Truck jobbers bought a little less than half their produce by direct personal contact with growers or shippers. Forty-two percent of the shipping point purchases of the group including purveyors, jobbers, prepackagers, and shippers were made on a brokerage basis. A third of the shipping point purchases of service wholesalers and wholesale grocers were made by their own buyers.

Most wholesalers buy directly from shipping point on an f.o.b. basis. Thirteen of the 20 wholesalers reporting on this point usually bought f.o.b. shipping point; 2 usually bought f.o.b. inspection and inspection final; and the other 3 bought cash track, f.o.b. acceptance final, and shipping point inspection respectively.

Functions and Services

Almost all physical handling services in the market were performed by employees of the wholesalers. In 1958, all unloading of rail cars and trucks was done by employees of the purchasing firms. The small volume of rail receipts hauled from team tracks to the wholesaler's store by 10 firms was transported in their own trucks. Only 115 carlots were reported hauled from team tracks by 6 receivers, 3 receiver-jobbers, and 1 service wholesaler.

All Salt Lake City wholesale produce handlers delivered at least part of their sales in 1958 (table 25). Truck jobbers, of course, delivered all produce sold. The percentages delivered by the other types of firms varied from 84 percent for receiver-jobbers to 61 percent for jobbers, purveyors, prepackagers, and shippers. The latter figure is relatively low because of the out-of-town sales of the shipper, which are considered to be "shipped" rather than "delivered."

All firms delivered in their own trucks except the jobbers, purveyors, prepackagers, and shippers, who used hired trucks for 54 percent of the volume delivered.

Ten wholesalers prepackaged or repacked nearly 4,000 carlots of produce in 1958 (table 26). Most of this was done by 4 service wholesalers. Small amounts

Table 21.--Wholesalers' sales to other Salt Lake City wholesalers, by class of firm, Salt Lake City wholesale produce market, 1958

Class of seller	Type of buyer				
	Receiver	Receiver-jobber, : : service wholesaler, : : wholesale grocer :	Truck : jobber	Jobber (delivery), : : purveyor, shipper, : : prepacker	Total
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker, sales agency.....	0.4	0.7	0.1	0.1	1.3
Receiver.....	0.4	0.3	0.2	0.2	1.0
Receiver-jobber, service whole- saler, wholesale grocer.....	--	1/ --	0.2	--	0.2
Truck jobber.....	--	--	1/ --	--	1/ --
Jobber (delivery), receiver- purveyor, mixed load shipper, prepackager.....	--	0.1	--	0.1	0.3
Total.....	0.7	1.1	0.5	0.3	2.6

1/ Less than 50 carlots.

The detailed figures may not always add exactly to the total because of rounding.

Table 22.--Wholesalers' sales to retail outlets, by class of firm, Salt Lake City wholesale produce market, 1958

Class of seller	Type of retail outlet				
	Chain, : retailer	Retail store, : peddler	Processor, : consumer	Eating place, : institution, : military	Total
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Broker, sales agency.....	0.6	--	--	--	0.6
Receiver.....	0.4	0.3	0.9	0.1	1.7
Receiver-jobber, service whole- saler, wholesale grocer.....	0.7	1.0	0.1	0.2	1.8
Truck jobber.....	0.1	1/ --	--	--	0.1
Jobber (delivery), receiver- purveyor, mixed load shipper, prepackager.....	1/ --	1/ --	1/ --	0.1	0.2
Total.....	1.9	1.4	0.9	0.4	4.5

1/ Less than 50 carlots.

The detailed figures may not always add exactly to the total because of rounding.

Table 23.--Wholesalers' out-of-town sales and sales in the Salt Lake City Market, by class of firm, Salt Lake City wholesale produce market, 1958

Class of seller	Type of out-of-town buyer					Total out- of-town sales	Sales in the Salt Lake City market	Total sales carlots
	: Chain, voluntary : Eating place, : : Wholesaler : or cooperative : Retailer : institution, : : : group : : military :							
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots			
Broker, sales agency:	2.2	--	--	--	--	2.2	1.9	4.1
Receiver.....	2.2	0.6	--	--	--	2.8	2.7	5.5
Receiver-jobber, service wholesaler,	0.6	0.7	0.6	0.1	0.1	2.0	2.0	4.0
wholesale grocer...	0.1	0.2	0.3	--	--	0.6	0.1	0.7
Truck jobber.....								
Jobber (delivery), receiver-purveyor,								
mixed load shipper, prepackager.....	0.7	--	--	0.1	0.1	0.8	0.3	1.1
Total.....	5.8	1.4	0.9	0.2	0.2	8.3	7.1	15.4

1/ Less than 50 carlots.

The detailed figures may not always add exactly to the total because of rounding.

Table 24.--Percentage distribution of shipping point purchases made by each type of firm, by method of purchase, Salt Lake City wholesale produce market, 1958

Type of firm	On joint : account : with : shipper : Percent		On a : brokerage : basis : Percent		Direct : by phone : or wire : Percent		Through : shipping : point buy- : ing broker : Percent		From own or : of affiliated : shipper or : packinghouse : buyer : Percent		Through : own : salaried : contact : shipping : point : By : Total pur- : personal : chases from : contact : shipping : point : Percent	
	Percent		Percent		Percent		Percent		Percent		Percent	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	2	5	--	--	78	5	6	4	--	--	100	100
Receiver-jobber.....	--	--	--	--	--	100	--	--	--	--	100	100
Service wholesaler, wholesaler grocer...	6	1	--	--	60	--	--	33	--	--	100	100
Truck jobber.....	--	--	--	--	51	--	--	--	49	49	100	100
Receiver-purveyor, jobber (delivery), prepackager, mixed load shipper...	--	--	42	58	58	--	--	--	--	--	100	100
Wholesale handlers:	3	3	1	69	69	6	4	13	1	1	100	100

Table 25.--Extent of delivery service by Salt Lake City wholesale handlers, 1958

Type of firm	Percentage of firms providing delivery service	Volume delivered as percentage of sales of --		Percentage of deliveries by --	
		All firms of this type	Firms mak- ing some deliveries	Firms' trucks	Hired trucks
		Percent	Percent	Percent	Percent
Receiver.....	100	70	70	100	--
Receiver-jobber....	100	84	84	100	--
Service wholesaler..	100	77	77	100	--
Truck jobber.....	100	100	100	100	--
Jobber (delivery), receiver-purveyor, prepackager, mixed load shipper:	100	61	61	46	54
All wholesale handlers <u>1</u> /.....	100	73	73	95	5

1/ Omitting the wholesale grocer, who did not reply.

were put up by 4 receivers, 1 jobber, and 1 prepackager. Five firms packaged only 1 item; 1 firm prepackaged 11 items. Five repacked tomatoes, 3 repacked citrus fruits and potatoes; and 2 repacked onions, celery, and carrots. One firm prepackaged spinach and one prepackaged apples.

Eleven wholesalers selling nearly 30 percent of the total volume in the market suggested retail selling prices to their retailer customers. These firms included 3 receivers, 2 truck jobbers, 2 receiver-jobbers, and 4 service wholesalers.

One truck jobber and 2 service wholesalers helped to train retail store produce personnel.

Assistance with display, advertising, and promotion was provided by 7 wholesalers who did about 30 percent of the market business. These included a receiver, a truck jobber, 4 service wholesalers, and a sales agency.

Nearly all wholesale handlers -- all but 2 small firms of the 25 reporting -- provided credit to their customers in 1958. These 25 wholesalers sold nearly 10,000 carlots of produce during the year, 86 percent of it on credit.

Four receivers, 2 service wholesalers, and the shipper made some loans in 1958 to finance production of vegetables. Several of these firms made loans on a very limited scale, financing only a few farmers or extending credit only for seed.

Table 26.--Volume and number of items prepackaged or repacked, by type of firm, Salt Lake City wholesale produce market, 1958

Type of firm	Firms prepackaging or repacking --					Volume pre- packaged or repacked
	1	2	3	11	Total	
	item	items	items	items		
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Carlots</u>
Receiver.....	3	1	--	--	4	<u>1/</u>
Service wholesaler:	1	1	1	1	4	3,120
Jobber (delivery):	1	--	--	--	1	<u>1/</u>
Prepackager.....	--	--	1	--	1	<u>1/</u>
Total.....	5	2	2	1	10	3,962

1/ Withheld to avoid disclosure of individual operations.

Margins

Sufficient information to report target margins was obtained from only two groups of wholesalers. In 1958, the receivers aimed for a margin averaging 8.5 percent of sale price and the service wholesalers and receiver-jobbers for a margin averaging 10.0 percent of sale price.

The Structure of the Retail Market

The Salt Lake City retail food store market in 1958 consisted of 328 grocery stores with sales of \$96.5 million, 4 fruit and vegetable specialty stores, and 130 other specialty stores, a total of 462 food stores with sales of \$103.3 million.

One national and one regional chain served a total of 78 stores from Salt Lake City, 30 of which were in the metropolitan area. Four local chains with 4 to 10 stores apiece served 26 stores, 16 of them in the Salt Lake City area. Smaller, 2- to 3-store grocery chains had a total of 25 stores in the metropolitan area.

Chains with 4 or more stores accounted for 48 percent of total food store sales, 2- to 3-store chains for 13 percent, and independent stores for 39 percent.

Thirty-five Years of Change in the Market

In the late twenties and early thirties, total receipts of fresh fruits and vegetables in the Salt Lake City market ranged from nearly 3,400 carlots to almost 4,200 carlots (fig. 5). Receipts in 1936 are estimated to have totaled almost 5,400 carlots. Between 1956, when reporting of unloads was resumed, and 1960, the volume increased steadily from 6,500 carlots to nearly 9,700. 3/

3/ In carlots of constant tonnage throughout the period.

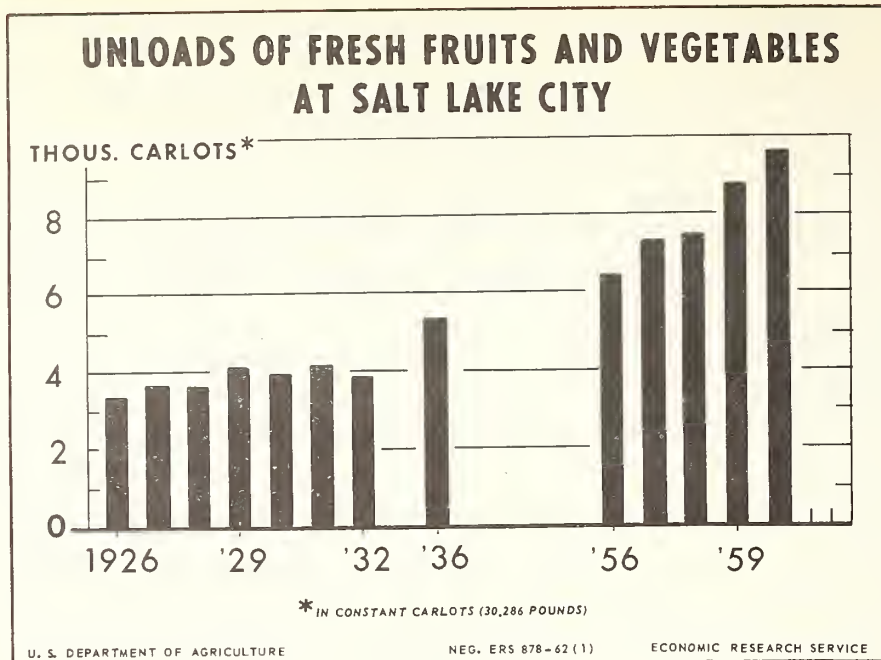


Figure 5

Between 1926 and 1932, rail receipts averaged about 40 percent of the total; in 1936, they were 27 percent of the total. They increased rapidly during World War II and declined just as quickly after the War. In 1956, they were 17 percent of the total, and by 1960 had declined to 5 percent.

Direct receipts of wholesalers increased from just under 4,000 carlots in 1936 to nearly 8,000 carlots in 1958 (fig. 6). Direct receipts of chains also about doubled, increasing from 1,430 to 2,960 carlots. The chains' share of total direct receipts increased very little from 1936 to 1958 -- from 26.7 percent to 27.3 percent. However, during this period chains increased the proportion of produce which they bought direct from shipping point from 62 percent to 75 percent.

Number and Type of Firms

The number of wholesale produce firms in Salt Lake City did not change much between 1939 and 1958. A leading trade directory listed 39 wholesalers in 1939, 41 in 1948, and 36 in 1958 (table 27). Thus, approximately the same number of wholesalers handled about twice the volume of produce in 1958 as 20 years earlier. The numbers of receivers and receiver-jobbers and of shippers increased somewhat during the 20-year period, while the number of truck jobbers and brokers declined. Numbers of firms in other classes remained fairly steady. ^{4/}

One chain was listed in 1939, 1 in 1948 and 2 in 1958. Chains not buying direct from shipping point were not listed. One wholesale grocer was listed in 1939, none in 1948, and one in 1958.

^{4/} These classifications are not necessarily the same as those found elsewhere in this study. (See page 17.)

DIRECT RECEIPTS OF WHOLESALERS AND CHAINS AND TOTAL PURCHASES OF CHAINS

Salt Lake City, 1936 and 1958

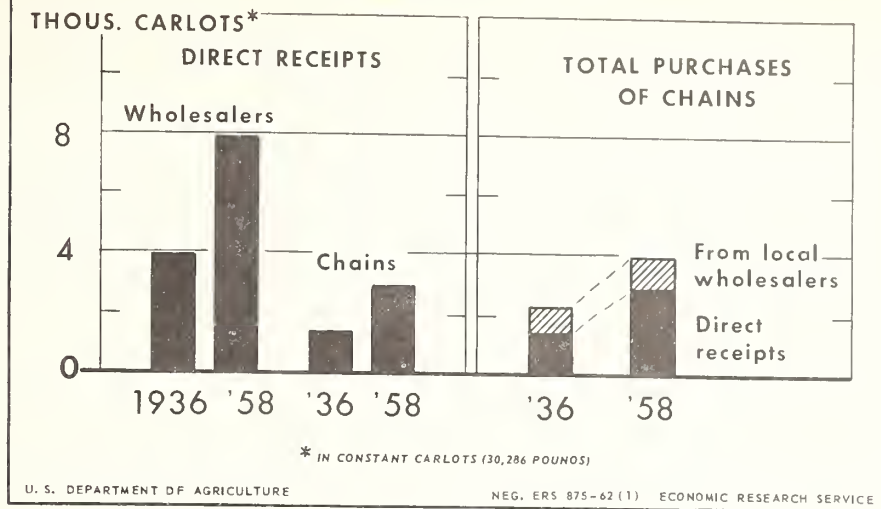


Figure 6

Table 27.--Number of firms, by type, Salt Lake City wholesale produce market, 1939, 1948, and 1958

Class of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver, receiver-jobber	10	13	12
Jobber.....	5	3	6
Prepackager.....	--	--	1
Truck jobber.....	13	12	6
Shipper.....	3	7	6
Wholesale handlers.....	31	35	31
Broker.....	6	4	3
Distributor, sales agency.....	2	2	2
Brokers and agencies.....	8	6	5
All wholesalers.....	39	41	36
Chain.....	1	1	2
Wholesale grocer.....	1	--	1
Grand total.....	41	42	39

Packer Red Book, 1939 and 1948; Fresh Year Book Issue--The Packer, 1958.

Entrance and Exit of Wholesalers

The turnover among produce wholesalers in Salt Lake City has been substantial. Only 11 of the firms listed in the trade directory were in business from 1939 through 1958. There were 39 wholesalers in business in 1939; 21 of these went out of business before 1948 and another 7 between 1948 and 1958. Twenty-three firms went into business between 1939 and 1948, but only 14 of them stayed in business until 1958. An additional 11 firms entered the produce business between 1948 and 1958.

Information supplied by the firms interviewed in this study on the length of time they had been in business also casts light on the entrance and exit of wholesalers (table 28). Slightly over half the firms had been in business 20 years or longer. Only 16 percent had gone into business during the past 10 years; 62 percent had been in business between 10 and 29 years. The two oldest firms -- each over 60 years old -- were both branches of multiunit firms with offices in many markets.

Growth and Decline of Firms

The sharp increase in the total volume of produce in the market was reflected in the experiences of individual firms. Over 85 percent of the firms that had been in business 10 years or more reported that their total sales had increased 10 percent or more. Over 70 percent of those whose volume had risen reported an increase of 83 percent or more over 1948 sales. Only one firm reported a decline of more than 10 percent in volume since 1948. Two small receivers and a truck jobber handled approximately the same amount of produce in 1958 as in 1948.

Changes in Trade Channels

There has been a fairly general shift in sources of supply from nearby farms to more distant shipping points. Eight wholesalers -- 3 receivers, 2 receiver-jobbers, and 3 truck jobbers -- reported that they were buying less from local farmers than in 1948; 11 wholesalers -- 5 receivers, 1 receiver-jobber, 3 service wholesalers, 1 truck jobber, and 1 prepackager -- reported an increase in quantity bought direct from shipping point. Two receiver-jobbers were buying more from local brokers than in 1948, while 3 receivers and 2 service jobbers had decreased their purchases through brokers. Three truck jobbers reported buying more from local wholesalers; one service jobber had decreased such purchases.

Wholesalers' outlets showed a general shift from independent grocery stores to chains and the retailer cooperative. Eight wholesalers -- 1 receiver, 1 receiver-jobber, 3 service wholesalers, 2 truck jobbers, and 1 sales agency -- reported greater sales to chains than in 1948, while 2 receivers reported a decline in such sales. Five wholesalers had increased sales to the retailer cooperative, which went into the produce business during the period. Sales to independent grocery stores declined for 9 firms of 5 different types. One receiver reported decreased sales to jobbers.

Changes in Services

The principal change in services offered by Salt Lake City wholesalers during the past 20 years was the addition of a number of merchandising services by 5 firms -- 1 receiver, 3 service wholesalers, and 1 sales agency. In addition, one firm was

doing more prepackaging, one was offering more credit, and another was offering less credit.

Outlook of Wholesalers

Salt Lake City wholesalers were more optimistic about the future than were their counterparts in Denver. Nearly half of them said that the outlook in their line of business was good; one-fourth said that it was fair, and 28 percent that it was bad. Responses from all but one of the larger firms were optimistic; responses from the small firms were about evenly divided among the good, fair, and bad outlooks. Receiver-jobbers, shippers, and brokers were the most dubious about the future; jobbers and purveyors were only moderately sanguine. Receivers and truck jobbers were about evenly divided between optimism and varying degrees of pessimism.

A quarter of the wholesalers had plans to make changes of one kind or another in their operations. Thirty-five percent of those who felt the outlook was good planned to make changes in their operations, compared with 11 percent of those who felt the outlook was fair and 20 percent of those who said it was poor. Plans included:

	<u>Number of firms</u>
Selling more to chains	4
Selling more prepackaged produce	1
Expanding business volume	1
Buying more at shipping point	1
Doing more prepackaging	1

EL PASO

Market Areas

In 1958, all but two of the El Paso wholesalers were located on streets in the market area near the city hall and courthouse (table 29). Few of the buildings were designed for the use of fruit and vegetable wholesalers. Only one or two had railroad sidings, and few had truck platforms. Rail cars generally were unloaded at team tracks a mile or more from the market area. The 3 chains with warehouses were located in other parts of the city.

The Structure of the Market

There were 22 firms in the El Paso wholesale produce market in 1958 -- 19 wholesalers and 3 chains (table 30). The chains sold 21 percent of the total volume sold in the market, which includes resales among wholesalers. The 2 receiver-jobbers and 1 service wholesaler accounted for one-fourth of the total, the 4 brokers sold 22 percent, and the 4 receivers 18 percent.

The 7 large wholesalers sold 81 percent of the produce handled by wholesalers, while 9 small firms -- 5 jobbers, a truck jobber, a trucker, and 2 importers -- accounted for 6 percent.

About half the wholesalers, selling about three-quarters of the volume, were general-line firms (table 31). Three of the 4 brokers, all the receiver-jobbers,

Table 28.--Percentage of firms in business for specified periods, by type of firm, Salt Lake City wholesale produce market, 1958

Type of firm	1-4 years	5-9 years	10-19 years	20-29 years	30-39 years	40-49 years	50-59 years	60 years or more	Total
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	--	8	42	42	--	--	8	--	100
Receiver-Jobber....	--	25	25	50	--	--	--	--	100
Service wholesaler..	--	--	--	25	50	--	--	25	100
Truck jobber.....	22	11	45	11	11	--	--	--	100
Jobber (delivery), receiver-purveyor, prepackager, mixed load shipper:	20	--	40	20	--	20	--	--	100
Selling broker, sales agency.....	33	--	33	--	--	--	--	33	100
All firms 1/.....	8	8	32	30	11	3	3	5	100

1/ Omits the wholesale grower, who did not reply.

Table 29.--Number of firms and volume handled, by market area and type of firm, El Paso wholesale produce market, 1958

Type of firm	Market area			Other areas		
	Firms		Volume	Firms		Volume
	Total	Large 1/		Total	Large 1/	
	Number	Number	Carlots	Number	Number	Carlots
Receiver.....	4	1	1,837	--	--	--
Receiver-Jobber, service wholesaler....	2	2	2/	1	1	2/
Jobber, Jobber (delivery), truck jobber, purveyor, prepackager.....	4	1	2/	1	--	2/
Merchant trucker, importer.....	3	--	101	--	--	--
Selling broker, buying broker.....	4	2	2,275	--	--	--
All wholesalers.....	17	6	2/	2	1	2/
Chain.....	--	--	--	3	2	2,192
All firms.....	17	6	2/	5	3	2/

1/ Large firms are those selling 500 carlots or more per year.

2/ Withheld to avoid disclosure of individual operations.

Table 30.--Number of firms by size and type, and volume handled, by type of firm,
El Paso wholesale produce market, 1958

Type of firm	All firms		Distribution of firms by size 2/			Percentage of volume handled by --			
	: Volume handled 1/ :		: : :			: : :			
	Number	Quant- ity	Percent- age of total market	Small	Medium	Large	Small firms	Medium firms	Large firms
	Number	Carlots	Percent	Number	Number	Number	Percent	Percent	Percent
Receiver.....	4	1,837	18	3	--	1	3/	--	3/
Receiver-jobber.....	2	2,576	25	{--	--	2	--	--	100
Service wholesaler.....	1					1	--	--	100
Jobber.....	1	1,699	13	{ 1	--	--	100	--	--
Jobber (delivery).....	1					--	100	--	--
Truck jobber.....	1					--	100	--	--
Purveyor.....	1					--	100	--	--
Prepackager.....	1	--	--	1	--	--	--	100	--
Merchant trucker.....	1	101	1	{ 1	--	--	100	--	--
Importer.....	2					2	100	--	--
Terminal broker.....	1	2,275	22	{--	1	--	--	100	--
Selling broker.....	3					--	1	2	--
All wholesalers.....	19	8,288	79	9	3	7	6	13	81
National chain.....	1	2,192	21	{--	--	1	--	--	100
Regional chain.....	2					--	1	1	--
Chains.....	3	2,192	21	--	1	2	--	3/	3/
All firms.....	22	10,480	100	9	4	9	5	3/	3/

1/ Total sales of all firms, including resales among wholesalers and to chains.

2/ Small firms handle less than 200 carlots per year, medium firms 200 to 499, and large firms 500 or more.

3/ Withheld to avoid disclosure of individual firms operations.

Table 31.--Degree of commodity specialization of wholesalers, by type of firm, El Paso wholesale produce market, 1958

Type of firm	(Percent of each type of firm)		
	Firms handling a complete line of produce	Firms specializing in --	
		One class of commodities	Several commodities of different classes
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Receiver.....	25	50	25
Receiver-jobber, service wholesaler..	100	--	--
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	60	20	20
Merchant trucker, importer.....	--	33	67
Selling broker, terminal broker....	75	--	25
All wholesalers....	53	21	26

and the service wholesaler handled a complete line of produce. The trucker, the importers, 3 of the receivers, the prepackager, and 1 of the jobbers specialized in limited lines.

The 19 wholesalers employed 289 people (table 32). Medium and large firms employed 254 of these and small firms 35.

One large wholesale firm was owned by a chain. It supplied all the needs of the chain organization and sold a substantial proportion of its volume to other types of buyers. One service wholesale firm was a branch of a firm with operations in 2 other markets.

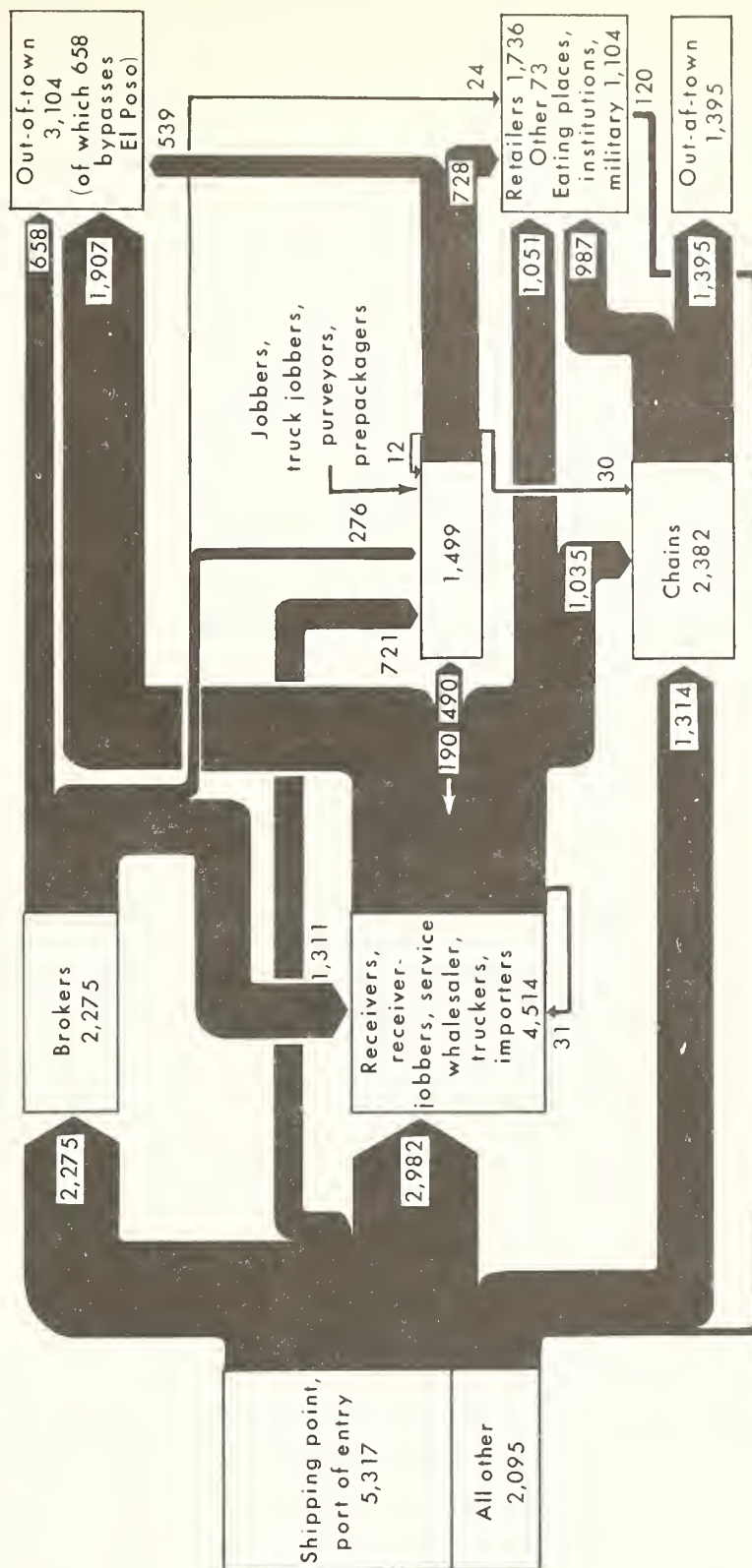
Marketing Channels

A total of 7,400 carlots of fresh fruits and vegetables was purchased by firms in the El Paso market in 1958. About 650 carlots sold by El Paso brokers to out-of-town buyers bypassed the El Paso market. The channels through which the total supply passed are shown in figure 7. The brokers accounted for 24 percent of the supply that actually entered El Paso, the receiver-jobbers and service wholesaler for 28 percent, the receivers for 15 percent, and the chains for 20 percent (table 33).

The brokers are important sources of produce for the major wholesalers in El Paso. They sold nearly 1,600 carlots to El Paso wholesalers in 1958, most of it to receivers, receiver-jobbers, and the service wholesaler (table 34). These primary handlers sold about 500 carlots to jobbers and other secondary handlers.

MAJOR MARKETING CHANNELS, EL PASO WHOLESALE PRODUCE MARKET, 1958

(CARLOTS)



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 872-62 (1) ECONOMIC RESEARCH SERVICE

Figure 7

Table 32.--Number of employees, by type and size of firm, El Paso wholesale produce market, 1958

Type of firm	All firms	Small firms <u>1/</u>	Medium firms <u>1/</u>	Large firms <u>1/</u>
	<u>Firms</u>	Em- <u>ployees</u>	Em- <u>ployees</u>	Em- <u>ployees</u>
Receiver.....	4	61	<u>2/</u>	--
Receiver-jobber, service wholesaler..	3	115	--	--
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	5	99	<u>2/</u>	--
Importer, trucker...	3	6	6	--
All wholesale handlers.....	15	281	35	--
Selling broker, terminal broker....	4	8	--	--
All wholesalers..	19	289	35	--

1/ Small firms handle less than 200 carlots per year, medium firms 200 to 499, and large firms 500 or more.

2/ Withheld to avoid disclosure of operations of individual firms.

Wholesalers sold about 2,900 carlots of produce to retail outlets, most of it to chains, eating places, institutions, and the military (table 35). Receivers made most of the sales to chains. The purveyor and the prepackager accounted for the biggest portion of the sales to eating places and institutions.

Over a third of the produce coming into El Paso was sold to out-of-town buyers (including some in Mexico) by wholesalers (table 36). The receiver-jobbers and the service wholesaler accounted for the biggest share of the out-of-town business, most such sales being to retail grocery stores. Only the 658 carlots sold by brokers to out-of-town wholesalers and retailers were delivered directly to the buyer without being unloaded in El Paso.

Buying Methods

Nearly 60 percent of the volume purchased direct from shipping point by El Paso wholesale handlers in 1958 was bought by telephone or wire; an additional 25 percent was purchased by the wholesalers' own buyers located in the production areas (table 37). The receivers bought about a fourth of their produce through buying brokers located at shipping point. The trucker and the importers did most of their buying in person at shipping point.

All wholesalers reporting stated that they bought the largest part of their supplies on an f.o.b. shipping point basis, though smaller quantities were bought on a delivered basis.

Table 33.--Sources of supply, by class of firm, El Paso wholesale produce market, 1958

Class of buyer	Purchases from outside this market										Produce by--	
	Direct from : shipping point: or port of : entry :	From other : terminal : markets :	Through sales : agencies or : brokers in : other cities :	From local : growers :	Imports :	Total :	El Paso : market :	El Paso : market :	El Paso : market :	El Paso : market :	Produce brought into	Produce brought into
	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	El Paso	El Paso
Broker.....	2,275	--	--	--	--	2,275	658	1,617				
Merchant trucker,												
importer.....	63	--	--	10	28	101	--	101				
Receiver.....	589	292	21	82	--	984	--	984				
Receiver-jobber,												
service wholesaler.	904	499	113	41	340	1,897	--	1,897				
Jobber, jobber												
(delivery), truck												
jobber, purveyor,												
prepackager.....	232	--	2	23	464	721	--	721				
All wholesalers...	4,063	791	136	156	832	5,978	658	5,320				
Chain.....												
Retailer, processor,	1,254	--	34	26	--	1,314	--	1,314				
eating place.....	--	--	--	120	--	120	--	120				
Grand total.....	5,317	791	170	302	832	7,412	658	6,754				

Table 34.--Wholesalers' sales to other El Paso wholesalers, by class of firm, El Paso wholesale produce market, 1958

	:	T y p e o f b u y e r			:
	:	:	:Jobber, jobber		:
Class of seller	:	:Receiver-jobber,	: (delivery),		: Total
	:	Receiver	: service		:
	:	:	: wholesaler		:
	:	:	: purveyor,		:
	:	:	: prepackager		:
	:				
	:	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>
	:				
Broker.....	:	658	653	276	1,587
Merchant trucker,	:				
importer.....	:	--	11	7	18
Receiver.....	:	5	15	188	208
Receiver-jobber,	:				
service wholesaler.	:	--	--	295	295
Jobber, jobber	:				
(delivery), truck	:				
jobber, purveyor,	:				
prepackager.....	:	190	--	12	202
	:				
Total.....	:	853	679	778	2,310
	:				

Functions and Services

In 1958, all but one of the El Paso firms used their own employees to unload trucks. One small firm reported that the trucker did the unloading. The small amounts of produce received by rail were unloaded partly by the wholesalers' employees and partly by stevedores or "swampers." Two large firms and 1 small one hired the unloading done by others and 3 other firms had the work done by their own employees.

Five wholesalers reported hauling slightly over 100 carlots of produce from team tracks to their stores. About a quarter of this volume was hauled in hired trucks, and the remainder in the firms' own trucks.

Except for that sold by truckers and truck jobbers, almost all produce brought into the market went through the store of the wholesaler selling it.

Most sales were made to regular customers, although, as indicated below, some types of firms had a higher proportion of sales to steady customers than did others:

<u>Type of firm</u>	<u>Sales to regular customers</u> (Percent of all sales)
Receiver	83
Receiver-jobber, service wholesaler	99
Jobber, truck jobber, purveyor, prepackager	85
Importer, trucker	73
Broker	77

Table 35.--Wholesalers' sales to retail outlets, by class of firm, El Paso wholesale produce market, 1958

Class of seller	Type of buyer					Total
	Chain	Retail store, peddler	Processor, consumer	Eating place, institution, military		
	Carlots	Carlots	Carlots	Carlots	Carlots	
Broker.....	3	--	--	27	30	
Merchant trucker, importer:	--	21	25	--	46	
Receiver.....	725	144	44	152	1,065	
Receiver-jobber, service wholesaler.....	310	351	--	314	975	
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	30	113	4	611	758	
Total.....	1,068	629	73	1,104	2,874	

Table 36.--Wholesalers' out-of-town sales and sales in the El Paso market, by class of firm,
El Paso wholesale produce market, 1958

Class of seller	Type of out-of-town buyer					Total sales
	Wholesaler	Chain, voluntary, cooperative, group	Retailer	Eating place, institution, military	Total out- of-town sales	
	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots
Broker.....	342	--	316	--	658	2,275
Merchant trucker, importer.....	37	--	--	--	37	101
Receiver.....	351	79	134	--	564	1,837
Receiver-jobber, service wholesaler:	22	110	936	238	1,306	2,576
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	222	276	27	14	539	1,499
Total.....	974	465	1,413	252	3,104	8,288

Table 37.--Percentage distribution of shipping point purchases made by wholesale handlers,
by method of purchase, El Paso wholesale produce market, 1958

Type of firm	Consignment:	Direct by phone or wire	Through shipping point buying broker	Through own: salaried buyer	By personal: contact with: shipper	Total purchases from ship- ping point
	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	8	58	24	--	10	100
Receiver-jobber, service wholesaler.	--	49	2	49	--	100
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	--	98	2	--	--	100
Importer, merchant trucker....	--	19	--	--	81	100
Wholesale handlers:	3	57	9	25	6	100

All El Paso wholesalers except one receiver and one importer provided delivery services in 1958 (table 38). Slightly over three-fourths of the sales of wholesale handlers were delivered to the customer, all in the firms' own trucks. One broker arranged for delivery service on part of his sales.

Seven wholesalers and one chain prepackaged or repacked a total of almost 1,700 carlots of produce in 1958 (table 39). All but two of these were large firms. All of these firms prepackaged potatoes; 3 prepackaged onions, 1 celery, 4 citrus, and 2 apples; 1 repacked tomatoes.

The service wholesaler was the only firm offering many merchandising services, such as assistance in training retail store produce personnel and assistance with advertising and promotional activities. Five wholesalers of 4 types guaranteed prices so that their retail store customers could plan ahead for advertised specials.

In 1958, nearly all El Paso wholesalers extended 7-day credit to their customers. One receiver and one importer operated solely on a cash basis. Five firms extended 30-day credit to institutional buyers and shorter terms, usually 7 days, to other types of buyers.

Three wholesalers financed production of fruits and vegetables, one only occasionally.

Table 38.--Extent of delivery services by El Paso wholesale produce handlers, 1958 ^{1/}

Type of firm	Percentage of firms providing delivery service	Volume delivered as percentage of sales of --	
		All firms of this type	Firms making some deliveries
	Percent	Percent	Percent
Receiver.....	75	54	55
Receiver-jobber, service wholesaler.	100	90	90
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	100	71	71
Merchant trucker, importer.....	67	80	100
All wholesale handlers.....	81	77	78

^{1/} All deliveries were made in firms' own trucks.

Table 39.--Volume and number of items prepackaged or repacked, by type of firm, El Paso wholesale produce market, 1958

Type of firm	Firms packaging or repacking --					Volume :prepackaged :or repacked
	1 : item	2 : items	4 : items	5 or : more : items	Total	
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Carlots</u>
Receiver.....	--	--	1	--	1	<u>1/</u>
Receiver-jobber, service wholesaler..	2	1	--	--	3	166
Jobber, purveyor, prepackager.....	2	--	--	1	3	<u>1/</u>
Wholesalers.....	4	1	1	1	7	<u>1/</u>
Chain.....	--	--	1	--	1	<u>1/</u>
All firms.....	4	1	2	1	8	1,694

1/ Withheld to avoid disclosure of operations of individual firms.

Margins

The average margins aimed for by El Paso wholesalers in 1958 were approximately the same for all groups (table 40), although targets for the individual firms ranged from 5 percent to 20 percent of retail selling price. Fifty percent of the brokerage firms quoted their brokerage rates, which averaged 10 percent of selling price.

The Structure of the Retail Market

The El Paso retail food market was composed of 415 stores in 1958, with total sales of nearly \$73 million. There were 342 grocery stores with sales of almost \$69 million, 13 specialty fruit and vegetable stores with sales of \$426,000, and 60 other specialty stores.

One national chain and 2 regional chains maintained warehouses in El Paso from which they serviced a total of 82 stores, 29 of which were in the metropolitan area. There were also 3 chains of drive-in markets with 39 stores, 23 of them in the metropolitan area.

Chains with 11 or more stores apiece made 55 percent of the total food store sales in 1958. These included the national chain, the 2 regional chains, and one of the drive-in chains. Smaller chains with 2 to 10 stores apiece did 10 percent of the total business, and single-unit stores (including most of the specialty food stores) made 35 percent of the sales.

Two Decades of Change in the Market

No information is available showing the changes between 1939 and 1958 in volume of produce handled in the El Paso market, but it is reasonably certain that it increased because population in the area increased.

Number and Type of Firms

In 1939, a trade directory listed 29 wholesalers in the El Paso market (table 41). This number declined to 19 in 1948 and rose to 26 in 1958. The number of firms listed as receivers and receiver-jobbers declined from 11 in 1939 to 7 in 1958, jobbers increased from 2 to 6, and brokers declined from 8 to 3.

One chain was listed as a direct buyer of produce in 1939 and 1948 and 2 in 1958. Three wholesale grocers shown in 1939 were no longer listed in 1958.

Entrance and Exit of Wholesalers

Only 6 of the firms shown in table 41 were in business in all three years. Twenty-one of the firms in business in 1939 went out of business before 1948, and 6 between 1948 and 1958. Of the 10 who entered the market between 1939 and 1948, 7 left before 1958. Nineteen firms came into the market between 1948 and 1958.

None of the wholesalers interviewed in 1958 had been in business more than 40 years (table 42). One-third had been in business at least 20 years, and 37 percent less than 10 years. The oldest firms were a broker and a trucker. A broker, a receiver, and a truck jobber were the newest firms.

Growth and Decline of Firms

Ten wholesalers who had been in business 10 years or longer in 1958 had experienced widely varying shifts in sales volume during the preceding decade. Four reported sales increases of 10 percent or more. Three reported sales virtually unchanged, and 3 reported declines of more than 40 percent. All the chains reporting had increased their sales.

Changes in Trade Channels

Few changes in sources of supply during the 10 years before the interview were reported by El Paso firms. One receiver had changed his business from that of banana jobber and had altered his sources of supply to obtain a full line of produce. A chain reported buying more produce direct from shipping point and less in the local market.

Relatively few firms mentioned changes in outlets since 1948. Two wholesalers were selling less to chains than in 1948; one was selling more. One wholesaler has increased his sales to independent retailers; another was selling less to local jobbers.

Table 40.--Target margins and brokerage rates, El Paso wholesale produce market, 1958

Type of firm	Average target margin or brokerage rate	Percentage of firms quoting
	<u>Percent of sales price</u>	<u>Percent</u>
Receiver.....	13.2	75
Receiver-jobber, service wholesaler.....	12.2	67
Jobber, jobber (delivery), truck jobber, purveyor...	11.8	80
Selling broker, terminal broker.....	10	50

Table 41.--Number of firms, by type, El Paso wholesale produce market, 1939, 1948, and 1958

Class of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver, receiver-jobber..	11	8	7
Jobber.....	2	2	6
Truck jobber.....	2	1	1
Trucker.....	--	--	2
Importer, exporter.....	1	--	2
Shipper, packer.....	2	4	4
Wholesale handlers.....	18	15	22
Broker.....	8	3	3
Distributor, sales agency..	3	1	1
Brokers and agencies.....	11	4	4
All wholesalers.....	29	19	26
Chain.....	1	1	2
Wholesale grocer.....	3	2	--
All firms.....	33	22	28

Packer Red Book, 1939 and 1948; Fresh Year Book Issue -- The Packer, 1958.

Changes in Services

The only changes between 1948 and 1958 in services offered by El Paso wholesalers occurred in connection with changes in type of business. Two banana jobbers changed lines during the period, one becoming a receiver and the other a prepacker.

Credit terms of firms in the market did not change during the decade.

Outlook of Wholesalers

Five of the 17 wholesalers who commented on the outlook for their type of business said that it was good and 5 said that it was bad; 4 said it was fair, and 3 said they could not predict. All of the importers and truckers felt the outlook was bad. Those who felt it was good included a jobber (delivery), a receiver-jobber, a service wholesaler, a prepacker, and a broker. Two of the wholesalers who felt the outlook was bad planned to go out of business. Four other wholesalers were considering plans to change their type of business or to perform other services.

Since 1958, several receivers and jobbers have gone out of business.

ALBUQUERQUE

There is no produce market area in Albuquerque. The wholesalers do business in locations in many parts of the city and its suburbs.

The Structure of the Market

The Albuquerque wholesale produce market in 1958 consisted of 10 firms of 5 types (table 43). About 70 percent of the volume of produce was handled by the receiver-jobbers and service wholesalers. The 3 largest firms sold 82 percent of the total. No brokers and no chains with produce warehouses operated in Albuquerque in 1958.

All of the firms handled a general line of produce except 3 packagers and repackers.

The 10 firms had a total of 162 employees (table 44). The 3 large firms averaged 39 employees apiece, and the 7 small firms averaged 7 per firm.

Two small wholesale firms were under common ownership. One large firm was owned by an out-of-town wholesaler.

Marketing Channels

Marketing channels in Albuquerque are less complicated than those in the bigger markets described earlier. In 1958 there were no brokers in the market, and the chains bought all their supplies in the local market (fig. 8).

The receiver-jobbers and service wholesalers brought in 63 percent of the total market supply of 3,101 carlots of produce (table 45). Of the remainder, 25 percent was accounted for by the other wholesalers, 10 percent by deliveries by

Table 42.--Percentage of firms in business for specified periods, by type of firm, El Paso wholesale produce market, 1958

Type of firm	1-4 years	5-9 years	10-19 years	20-29 years	30-39 years	No answer	Total
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Receiver.....	25	--	50	--	--	25	100
Receiver-jobber, service wholesaler.....	--	67	--	33	--	--	100
Jobber, jobber (delivery), truck jobber, purveyor, prepackager.....	20	20	--	60	--	--	100
Importer, merchant trucker: Selling broker, buying broker.....	--	--	67	--	33	--	100
	25	25	25	--	25	--	100
All firms.....	16	21	26	21	11	5	100

Table 43.--Number of firms by size and type, and volume handled, Albuquerque wholesale produce market, 1958

Type of firm	All firms			Distribution of firms by size 1/			Percentage of volume handled by-		
	Number	Volume handled	Percent-	Small	Medium	Large	Small firms	Medium firms	Large firms
		Quantity	age of total						
		Carlots	Percent	Number	Number	Number	Percent	Percent	Percent
Receiver-jobber.....	3}	1,952	71	{ 2	--	1	17	--	83
Service wholesaler....	1}			--	--	1	--	--	100
Truck jobber.....	1}			1	--	--	100	--	--
Receiver-purveyor....	1}	783	29	{ 1	--	--	100	--	--
Prepackager, repacker:	4			3	--	1	32	--	68
All wholesalers.....	10	2,735	100	7	0	3	18	--	82

1/ Small firms handle less than 200 carlots annually, medium firms 200 to 499, and large firms 500 or more.

Table 44.--Number of employees, by type and size of firm, Albuquerque wholesale produce market, 1958

Type of firm	All firms	Small firms <u>1/</u>	Large firms <u>1/</u>
	<u>Firms</u>	<u>Employees</u>	<u>Employees</u>
Receiver-jobber, service wholesaler..	4	96	<u>2/</u>
Truck jobber, purveyor, prepackager, repacker.....	6	66	<u>2/</u>
Total.....	10	162	46

1/ Small firms handle less than 200 carlots per year, medium firms 200 to 499, and large firms 500 or more. No medium firms were found in the Albuquerque market in the 1958 study.

2/ Withheld to avoid disclosure of operations of individual firms.

chains with out-of-town warehouses to their local stores, and 2 percent by some small purchases made by independent grocers from nearby farmers. About half the supplies came direct from shipping point and a third from other terminal markets. Most of the wholesalers' purchases from other terminal markets were from Los Angeles. The chains delivered from warehouses in El Paso.

Wholesalers' sales to other wholesalers in Albuquerque accounted for only 1 percent of the total market volume. Sales by wholesalers to chains and other retailers each accounted for about one-fifth of the market supply, with about a tenth going to eating places, institutions, and the military (table 46).

Out-of-town sales, mostly made by the receiver-jobbers and service wholesalers, were mainly to chains and independent retail stores (table 47). Only 1 percent of the volume was sold to out-of-town wholesalers.

Buying Methods

In 1958, the bulk of the produce obtained direct from shipping point was bought by telephone (table 48). Wholesalers bought 20 to 30 percent of these supplies through their own salaried buyers located at shipping point. About 30 percent of the direct purchases of truck jobbers, receiver-purveyors, prepackagers, and repackers were made through buying brokers.

Most purchases direct from shipping point were made on an f.o.b. basis. One small firm reported that most of its purchases were on a delivered basis.

Functions and Services

Two small firms received produce by rail on team tracks in 1958, and 3 large firms received produce on their own store sidings. All unloading of rail cars was done by employees of the firms. All 9 firms receiving trucklots of produce unloaded them with their own employees.

MAJOR MARKETING CHANNELS, ALBUQUERQUE WHOLESALE PRODUCE MARKET, 1958

(CARLOTS)

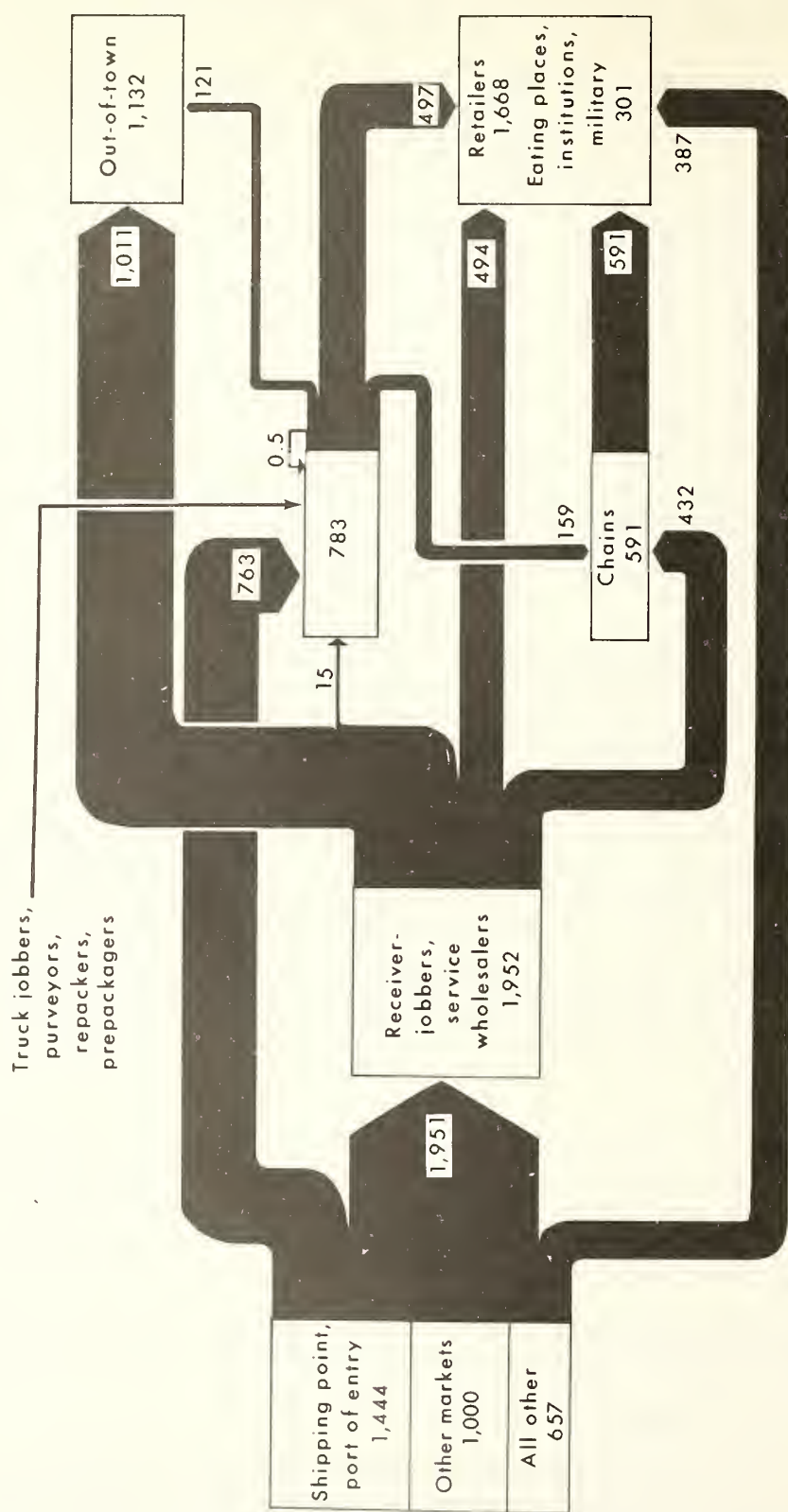


Figure 8

Table 45.--Sources of supply, by class of firm, Albuquerque wholesale produce market, 1958

Class of buyer	Purchases from outside this market					
	Direct from shipping point or port of entry	From other terminal markets	Through sales agencies or brokers in other cities	From local growers	Imports	Total
	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots
Receiver-jobber, service wholesaler.	1,110	434	310	97	--	1,951
Truck jobber, receiver-purveyor						
repacker,						
prepackager.....	334	269	83	61	16	763
All wholesalers....	1,444	703	393	158	16	2,714
Chain.....	--	--	--	--	--	--
Retailer, processor, eating place.....	--	297	--	90	--	387
Grand total.....	1,444	1,000	393	248	16	3,101

1/ None of the produce sold to out-of-town buyers bypassed Albuquerque.

Table 46.--Wholesalers' sales to retail outlets, by class of firm,
Albuquerque wholesale produce market, 1958

Class of seller	Type of buyer					Total
	Chain	Retail store, peddler	Processor, consumer	Eating place, institution, military		
	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	
Receiver-jobber, service wholesaler...	432	366	--	128		926
Truck jobber, receiver-purveyor, repacker, prepackager.....	159	324	7	166		656
Total.....	591	690	7	294		1,582

Table 47.--Wholesalers' out-of-town sales and sales in the Albuquerque market, by class of firm,
Albuquerque wholesale produce market, 1958

Class of seller	Type of out-of-town buyer					Sales in the		Total sales
	Chain, vol-:			Total out-of-town sales	Albuquerque market			
	Wholesaler	untary, cooperative	Retailer					
	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>	<u>Carlots</u>		
Receiver-jobber, service wholesaler.	--	570	441	1,011	941		1,952	
Truck Jobber, receiver-purveyor, repacker, prepackager.....	21	100	--	121	662		783	
Total.....	21	670	441	1,132	1,603		2,735	

Table 48.--Percentage distribution of shipping point purchases made by each type of firm, by method of purchase, Albuquerque wholesale produce market, 1958

Type of firm	: Direct :by phone :or wire :	: Through :shipping point : buying : broker :	: From own or : affiliated : shipper or : packinghouse :	: Through : own : salaried : buyer :	: Total : purchases : from : shipping : point :
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Receiver-jobber, service wholesaler	71	--	--	29	100
Truck jobber, receiver-purveyor, prepackager, repacker.....	33	31	14	22	100
All wholesalers.	63	7	3	27	100

The two firms receiving rail shipments on team tracks hauled a total of 4 cars of produce to their stores.

Only one firm other than the truck jobber reported selling any produce out of rail car or truck without first unloading it into the store. The quantity sold out of car or truck was only 1 percent of the total sales of these 9 wholesalers.

Wholesalers made 93 percent of their sales to regular customers. The average for both groups of wholesalers was the same.

All of the firms made deliveries to their customers in 1958 (table 49). Ninety-eight percent of their sales were delivered, all in their own trucks.

Two of the receiver-jobbers and the 4 prepackagers and repackers prepackaged or repacked about 700 carlots of fruits and vegetables in 1958. All of these firms repackaged potatoes; 2 prepackaged citrus, 2 apples, and 1 tomatoes.

A receiver-jobber and the service wholesaler suggested selling prices to retailers, and the service wholesaler assisted in training retail produce personnel. Four firms -- 1 receiver-jobber, the service wholesaler, 1 prepackager, and the truck jobber -- assisted retailers with merchandising activities. Two wholesalers guaranteed prices to their customers for advertised specials.

The credit terms offered in 1958 varied considerably among wholesalers. Seven offered 7-day credit, 1 offered 10-day credit, 1 offered 15-day credit, and 1 offered varying terms to different customers depending on their credit ratings. In addition, 2 firms offered 30-day credit to their institutional outlets.

None of the Albuquerque wholesalers financed fruit and vegetable production.

Table 49.--Extent of delivery services by Albuquerque wholesale produce handlers, 1958 1/

Type of firm	: Percentage of firms : providing delivery : service	: Volume delivered as : percentage of sales
	<u>Percent</u>	<u>Percent</u>
Receiver-jobber, service wholesaler.....	100	99
Truck jobber, receiver-purveyor, prepackager, repacker..	100	97
All wholesale handlers.....	100	98

1/ All deliveries were made in firms' own trucks.

Margins

The gross margins for which Albuquerque wholesalers aimed varied from 9 percent to 20 percent of the selling price, and averaged 14.6 percent. Target margins of receiver-jobbers and the service wholesaler averaged about 14 percent; the average for the remaining firms was about 16 percent.

The Structure of the Retail Market

The Albuquerque retail food store market included 273 stores with total sales of \$67 million in 1958. Of these, 215 were grocery stores with sales of \$64.4 million and 12 were specialty fruit and vegetable stores with sales of \$200,000, the remainder were other types of specialty stores.

One national chain served 9 stores in the Albuquerque market from a warehouse in El Paso. A regional chain and a local chain (neither of which had a produce warehouse) served a total of 22 stores, 17 of them in the Albuquerque metropolitan area. Several smaller chains of 2 to 3 stores apiece owned a total of 10 grocery stores and 3 specialty stores in the metropolitan area.

The 3 chains with 11 or more stores apiece accounted for 58 percent of total food store sales in 1958, the 2- to 3- store chains for 9 percent, and single-unit stores for the remaining 33 percent.

Two Decades of Change in the Market

Number and Type of Firms

A trade directory listed 15 fresh fruit and vegetable wholesalers in Albuquerque in 1939, 18 in 1948, and 11 in 1958 (table 50). The number of receivers and receiver-jobbers increased from 4 to 8 between 1939 and 1948 and then declined to 6 in 1958. Jobbers listed in the earlier years had disappeared by 1958. Four brokers were listed in 1939 and 1948 and 2 in 1958, although none was found in the survey.

Table 50.--Number of firms, by type, Albuquerque wholesale produce market, 1939, 1948, and 1958

Class of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver,			
receiver- jobber.....	4	8	6
Jobber.....	1	2	-
Truck jobber.....	3	1	2
Shipper, packer.....	3	3	1
Wholesale handler.....	11	14	9
Broker.....	4	4	2
All wholesalers.....	15	18	11
Chain.....	2	2	1
Wholesale grocer.....	1	1	-
All firms.....	18	21	12

Packer Red Book, 1939 and 1948; Fresh Year Book Issue -- The Packer, 1958.

Entrance and Exit of Wholesalers

Only 2 of the firms were listed in the trade directory in all 3 years. Seven of the 18 firms shown in 1939 went out of business before 1948, and 9 more went out of business between 1948 and 1958. Eight of the 10 that came into the market between 1939 and 1948 left it before 1948. Nine more firms were first listed in 1958.

The ages of firms in the Albuquerque market in 1958 varied widely (table 51). One firm was over 50 years old, 3 were less than 5 years old, and 6 were between 10 and 40 years old.

Changes in Individual Firms

Three of the 7 firms that had been in business at least 10 years had increased their sales 60 percent or more in that time. Sales of three others had declined 10 percent or more. The sales of one firm had changed less than 10 percent.

Two firms reported changes in sources of supply during the preceding 10 years. One was buying less from local farmers and more from local wholesalers than 10 years earlier; the other was making more purchases direct from shipping point.

Three wholesalers were selling more to chains and less to independent grocery stores than 10 years earlier.

No changes were reported in services offered or in credit terms during the past 10 years.

Outlook of Wholesalers

Five of the Albuquerque wholesalers felt that the outlook for the future in their type of business was poor, 4 felt that it was good, and 1 was in doubt as to the outlook. Large firms and small firms were about equally divided on the outlook. Wholesalers who had recently entered the market were all optimistic.

Three wholesalers had plans for future changes in their operations. Two were considering going into another branch of the produce business and a third planned to try to increase sales to chains.

BUTTE

The Butte market is the smallest of the five covered in this report. Total receipts in the market were 2,500 carlots in 1958, total sales of all firms including the chains were just short of 3,000 carlots. There were 7 firms in the market, including 1 chain. Most of the firms were located within an area of a few blocks. There was no organized market.

Because of the small number of firms involved, almost any breakdown by type of firm involves disclosure of information on the operations of individual firms. Therefore, the data on the Butte market are less detailed than for the other markets.

The Structure of the Market

There were 4 wholesale handlers in Butte in 1958 -- 2 receiver-jobbers, 1 wholesale grocer, and 1 prepacker. These 4 handled about a third of the total volume in the market (table 52). The other 3 firms -- a broker, a sales agency, and a chain -- accounted for two-thirds of the volume. Only 1 receiver-jobber and the chain handled more than 500 carlots apiece in 1958.

The receiver-jobbers, the wholesale grocer, and the broker handled a complete line of produce. The prepacker specialized in one commodity and the sales agency in a class of commodities.

None of the Butte wholesalers owned other firms in the produce business. One of the receiver-jobbers, the broker, and the sales agency were branches of multi-unit firms.

Marketing Channels

The 2,500 carlots of produce that entered the Butte market in 1958 were obtained as follows:

	Carlots
Direct from shipping point	2,200
Through brokers or sales agencies in other markets	200
From local growers	100

Of this total, 400 carlots were resold to other firms in the market.

Table 51.--Percentage of firms in business for specified periods, by type of firm, Albuquerque wholesale produce market, 1958

Type of firm	1-4 years	5-9 years	10-19 years	20-29 years	30-39 years	40-49 years	50-59 years	Total
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Receiver-jobber, service wholesaler.....	--	--	75	25	--	--	--	100
Truck jobber, receiver- purveyor, prepackager, repacker.....	50	--	17	--	17	--	16	100
All firms.....	30	--	40	10	10	--	10	100

Table 52.--Number of firms by size and type, and volume handled, Butte wholesale produce market, 1958

Type of firm	All firms		Distribution of firms by size 1/				Percentage of volume handled by --			
	Number	Percent	Percentage: of total		Small : Medium		Small : Medium		Large : firms	
			Quantity :	market :	Small :	Medium :	Large :	Medium :	Large :	firms :
	Carlots	Percent	Number	Number	Number	Number	Number	Percent	Percent	Percent
Wholesale handlers:										
Receiver-jobber....	2	2/	2/	--	1	1	1	--	27	73
Prepackager.....	1	2/	2/	1	--	--	--	100	--	--
Wholesale grocer..	1	2/	2/	1	--	--	--	100	--	--
Total.....	4	1,024	34	2	1	1	1	--	--	--
Others:										
Selling broker.....	1	2/	2/	--	1	--	--	100	--	--
Cooperative sales agency.....	1	2/	2/	--	1	--	--	100	--	--
National chain....	1	2/	2/	--	--	--	1	--	--	100
Total.....	3	1,976	66	--	2	2	1	--	--	--
Grand total.....	7	2,980	100	2	3	3	2	2/	22	2/

1/ Small firms handle less than 200 carlots annually, medium firms 200 to 499, and large firms 500 or more.
2/ Withheld to avoid disclosure of operations of individual firms.

The sales of all firms, including the chains, were divided as follows:

	<u>Carlots</u>
In the Butte market:	
To other wholesalers and the chain	400
To retailers	400
To eating places and institutions	50
Outside the Butte market:	
To chains	200
To retailers	1,850

Buying Methods

In 1958, the wholesale handlers bought slightly more than half their direct purchases from shipping point through shipping point buying brokers. Their own buyers purchased 37 percent and the remainder was bought direct by telephone or telegraph.

Functions and Services

Unloading was done entirely by employees of the produce firms. No produce was hauled from team track to the wholesalers' stores and none was sold out of car or truck. All firms but one made all of their sales to regular customers; the one exception made 80 percent of his sales to regular customers.

Over 99 percent of the produce sold by wholesale handlers was delivered to their customers, most of it by employees of the firms. The volume prepackaged was about 1 percent of total sales. Only 2 firms reported any prepackaging.

Only one wholesaler reported offering merchandising services to his customers. These included suggesting retail prices, assisting in training produce personnel in retail stores, and assisting with merchandising and advertising programs.

Two Decades of Change in the Market

Number and Type of Firms

A trade directory listed 10 wholesalers and 1 chain in Butte in 1939 and 1948. Eight firms (including a wholesale grocer) were listed in 1958 (table 53). The reduction in numbers between 1939 and 1948 occurred entirely in the receiver and receiver-jobber category. Between the time the directory was compiled and the time of the survey, the two brokers combined their operations. Since then, the cooperative sales agency has closed its Butte office.

Entrance and Exit of Wholesalers

Six firms were listed in the directory in all 3 years -- 1939, 1948, and 1958. Another one of the firms in business in 1939 was still in business in 1948, while the other 4 listed in 1939 went out of business before 1948. Only 1 of the 4 firms which went into business between 1939 and 1948 was still in business in 1958.

Table 53.--Number of firms, by type, Butte wholesale produce market, 1939, 1948, and 1958

Class of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver, receiver-jobber..:	6	5	2
Broker.....:	2	3	2
Distributor, sales agency..:	2	2	2
All wholesalers.....:	10	10	6
Chain.....:	1	1	1
Wholesale grocer.....:	--	--	1
Grand total.....:	11	11	8

Packer Red Book, 1939 and 1948; Fresh Year Book Issue -- The Packer, 1958.

The three wholesale handlers reporting how long they had been in business had each been in the market between 20 and 30 years.

Changes in Individual Firms

Five of the 6 wholesalers supplied information on the changes in their sales between 1948 and 1958. None reported increased sales, 2 reported declines of less than 10 percent, and 3 reported declines of more than 10 percent.

Only one wholesaler mentioned any change in sources of supply during the past 20 years -- he had shifted from nearby to more distant sources. Two wholesalers were selling more to chains than 10 years before and one was selling less. One was selling less to jobbers.

The wholesaler who offered merchandising services had increased his activities in this field during the past 20 years.

REFERENCES

- Crow, William C.
1938. Wholesale Markets for Fruits and Vegetables in 40 Cities.
U. S. Dept. Agr. Cir. 463, 142 pp., illus.
- Packer Produce Mercantile Agency
1939. The Packer Red Book. (Also 1948 edition.)
- Packer Publishing Company
1958. Fresh Yearbook Issue. The Packer, Part II (May 31).
- Stallings, James L., and Boyer, Jere R.
1960. Wholesale Fruit and Vegetable Markets in El Paso and Albuquerque.
N. Mex. Agr. Expt. Sta., Res. Rpt. 43, 13 pp., illus.
- U. S. Bureau of the Census
1956. U. S. Census of Business: 1954. Vol. III, Wholesale Trade -- Summary Statistics; Vol. IV, Wholesale Trade -- Area Statistics. (Also similar publications for other Census years.)
- U. S. Department of Agriculture
1959. Unloads of Fresh Fruits and Vegetables. Denver, 1958.
Agr. Mktg. Serv., Fruit and Vegetable Div., 22 pp., illus. (Processed.)
(Also similar publications for other years, and monthly tables for Salt Lake City.)

APPENDIX: TERMS USED IN THIS STUDY

Types of Firms

Brokers and agencies (firms that do not physically handle merchandise although they may arrange for such physical handling by others):

Auction representative	Import agent
Buying broker	Importer's sales agency
Buying office	Sales agent
Cooperative sales agency	Selling broker
Carlot distributor	Shipper's sales agency
Distributor	Terminal broker
Export agent	

Retail organizations:

Corporate chains:
National chain
Regional chain
Local chain
Local chain without warehouse
Voluntary group
Retail cooperative

Wholesale handlers (firms that physically handle merchandise):

Auction	Mixed load shipper
Banana jobber	Packer-shipper
Commission importer	Prepackager
Commission wholesaler	Purveyor
Commission merchant	Receiver
Exporter	Receiver-jobber
Importer	Receiver-purveyor
Institutional grocer	Repacker
Itinerant trucker	Secondary wholesaler
Jobber	Service jobber
Jobber (delivery)	Service wholesaler
L.c.l. shipper	Truck jobber
Merchant trucker	Wholesale grocer

Definitions of Terms

Auction.--A terminal market fruit auction which acts strictly as a service agency, providing facilities and organization for selling and handling the produce (or arranging for such handling), but having no financial interest in the produce.

Auction representative.--A selling broker more than half of whose business is on the fruit auction as a shipper's representative.

Banana jobber.--Considered a special case and classified as a jobber, even though he is usually the first receiver in the market. He ripens, cuts, and boxes bananas.

Buying broker.--Buys in less-than-carload lots in the terminal market, including the fruit auction, for out-of-town wholesalers and chainstores or for local retailers. May arrange for loading and shipment, but does not handle the produce himself. In some cases, he may accept the billing for the merchandise (especially when buying for foreign customers, usually Canadian) but this is done as a convenience for the buyer.

Brokers and agencies.--Firms which do not physically handle the produce, although they may arrange for such physical handling by others.

Buying office.--A salaried buyer for an out-of-town wholesaler or chainstore. Arranges for loading and shipment but does not handle the produce himself.

Carlot distributor.--Buys and sells full carlots and takes title. He may do some brokerage business as well. Does not physically handle the produce.

Commission importer.--An importer who operates on a commission basis.

Commission merchant.--A receiver who handles more than half his produce on consignment from growers or shippers.

Commission wholesaler.--A receiver-jobber who handles more than half of his produce on consignment from growers or shippers, often nearby growers.

Cooperative sales agency.--Salaried representative of a farmer cooperative in the terminal market. Does not physically handle produce.

Direct purchases from shipping point.--Purchases by the buying firm from sellers located at a shipping point.

Direct receipts from shipping point.--Receipts of produce directly from shipping point, including both direct purchases from shipping point and purchases from brokers, sales agencies, and others in the terminal market where the actual shipment is made directly to the first receiver.

Distributor.--Buys full carlots or trucklots. Sells in l. c. l. quantities to wholesalers, chainstores, and others. Does not physically handle the produce. Sells out of car, either before or after receipt. May do some brokerage business as well.

Export agent.--A broker for export sales.

Exporter.--Buys produce on his own account and ships to foreign countries or to noncontiguous areas of the United States (for example, Alaska, Hawaii, Puerto Rico).

Firm.--The firm in this study is a separate business operation. It does not necessarily coincide with the legal or other definition of the firm. For example, a single corporation which operated a prepackaging plant and a receiving operation generally would be treated as two firms in this study. The relationship between the two firms so defined is indicated under interfirm relationships. This type of definition permits us to treat different types of operations as relatively pure single-function firms, rather than trying to handle multiple operations as a single firm which does not fit in any category.

Import agent.--A broker for imported goods.

Importer.--Imports produce from foreign countries and takes title.

Importers' sales agency.--Salaried representative of an importer (usually a banana importer) in the terminal market. Does not physically handle produce.

Institutional grocer.--A dry grocery wholesaler whose principal outlets are restaurants, hotels, or institutions.

Itinerant trucker.--A trucker who does not maintain a store or warehouse. Usually buys on speculation and hauls to another city where he hopes to resell at a higher price. May operate as a for-hire trucker at one time and as an itinerant trucker at another time.

Jobber.--Purchases more than half his produce from wholesale handlers in the local market. Sells more than half his produce to retail stores and institutional outlets. Handles the merchandise through his own store.

Jobber (delivery).--A jobber who delivers more than half his produce to his customers.

L. c. l. shipper.--Buys in the terminal market and takes title. Ships less-than-carload lots to wholesalers and chainstores in other markets.

Large firms.--Those selling 500 or more carlots of produce annually.

Local chain.--A corporate chain with only one warehouse distribution area.

Local chain without warehouse.--A local chain which does not operate its own produce warehouse, although it almost always operates a dry grocery warehouse.

Market.--The standard metropolitan statistical area or, if area has not been defined, the county concerned.

Market area.--A limited area within the market where firms are concentrated.

Medium firms.--Those selling 200 to 499 carlots of produce annually.

Merchant trucker.--A trucker who buys at shipping point or in other markets and hauls in his own truck to the terminal market where he maintains a store or warehouse.

Mixed load shipper.--Buys in the terminal market and takes title. Ships full loads (mostly truckloads) to wholesalers in other markets.

National chain.--The three largest chainstores with warehouse distribution areas over more than half the country.

Packer-shipper.--Receives products directly from farms, packs and ships. Most such firms are, of course, located in the country, but a few are found in markets such as Los Angeles.

Produce.--Used interchangeably with "fresh fruits and vegetables."

Purveyor.--A jobber who sells more than half his produce to hotels, restaurants, and institutions.

Receiver.--Purchases produce for own account usually in full carlots or truckloads. Direct receipts from shipping point account for more than half his purchases. Performs the physical functions of unloading and handling in his own facilities, on team track, or at the terminal. More than half his sales are to other wholesalers, chainstore warehouses, or processors.

Receiver-jobber.--Direct receipts from shipping point are more than half his purchases. More than half his sales are to retail stores and institutional outlets. Receives and handles produce in his own warehouse or store.

Receiver-purveyor.--A purveyor who receives more than half his produce direct from shipping point.

Regional chain.--A corporate chainstore organization with two or more warehouse distribution areas.

Repacker, prepackager.--A prepackager has more than half his produce in consumer packages. A tomato repacker ripens, sorts, and packages tomatoes.

Retail cooperative.--A wholesale operation owned by member retailers.

Sales agent.--An independent selling agency for a wholesaler, who receives a commission on sales made for the principal. Typically a one-man operation selling for a purveyor.

Secondary wholesaler.--A wholesaler who buys from local wholesale handlers and resells to other wholesalers such as jobbers and truck jobbers. Handles the produce and takes title.

Selling broker.--Negotiates sales on behalf of a number of shippers, but does not take title and does not physically handle the produce.

Service jobber.--A service wholesaler who buys more than half his produce from local wholesale handlers.

Service wholesaler.--A receiver-jobber who performs additional services for his customers, the retail stores, such as suggesting retail prices, training produce personnel, and assisting with advertising and merchandising.

Shipper's sales agency.--Sales office for packers and shippers located in the terminal market.

Small firms.--Those selling less than 200 carlots of produce annually.

Terminal broker.--Operates like a selling broker except that he represents buyers rather than sellers, and collects his fee from the buyer.

Truck jobber.--A jobber who conducts his business from his truck. He does not sell from a store, but usually has a regular customer route, delivering on a fixed schedule.

Voluntary group.--A group of retail stores sponsored by an independent wholesale grocer.

Wholesale grocer.--A receiver-jobber or service wholesaler whose main line is dry groceries and who does not sponsor a voluntary group or retailer cooperative.

Wholesale handlers.--Firms which physically handle the merchandise.

NATIONAL AGRICULTURAL LIBRARY



1022725387